

# Maclean's

MAY 2, 1983

\$1.25

## TAXES

**Lalonde embraces  
business**

**Consumers  
pay the bill**

**Is the system  
fair?**



1918 50

1918 50

1918 50

Total Payable 6341 50.

per information slips

6028 37

952

50 00

11 17

(Guide item 20)

credit (from Schedule 10)

Total Credits 6089 54 6089 54

Please enter this difference in applicable space below

A difference of less than \$1.00 is neither charged nor credited

Refund Balance

IMPORTANT: The inside front cover of your guide tells you when to expect your refund.

Amount Enclosed 251 96

Please attach cheque or money order payable to the Receiver General. Do not mail cash. Payment is due not later than April 30, 1983.



**T**HE IRISH LOVE FOR LIFE AND LAND IS SURPASSED ONLY BY THEIR LOVE OF HORSES. A PASSION THAT SPANS OVER TWO THOUSAND YEARS.

Five centuries before St. Patrick, the invading Celts brought with them the finest horses of Europe, that when bred with the wild Irish horse, created a bloodline of champions.

Even today, the high spirited Irish thoroughbred stands proudly alone. Truly, a national treasure.

From these same shores, Baileys brings you another Irish treasure, the unforgettable taste of Baileys Original Irish Cream.

Baileys was the first to wed precious Irish whiskey with pure Irish cream, two treasured tastes that have been savoured separately for centuries.

Together, they create a spirited liquor that's as original as Ireland itself. As always, breeding will out.

**Baileys. Our taste is a national treasure.**

CANADA'S WEEKLY NEWSMAGAZINE  
**Maclean's**

MAY 2, 1983 VOL. 56 NO. 18

**COVER**

**The big-business budget**

More Lalonde, former scourge of the nation's boardrooms, has finally transformed himself into the toast of Bay Street. The pro-business budget the finance minister presented last week removed the last lingering fears that deep down he was still the radical interventionist who gave Canada the National Energy Program — **Page 14**

COVER PHOTOGRAPH BY STEVE BRIDGEMAN, L.A.S.



**Central American dilemma**

Although the Reagan administration warns that Central America is threatened by communism, there is opposition at home to the president's regional policy — **Page 26**



**Bassett's breakthrough**

Curfew Bassett won some money and a lot more credibility in a Florida tennis tournament this month. But she also has her eyes set on a movie career — **Page 43**



**Macksey's finances**

More details of Mr. Bryce Macksey's finances emerged from a parliamentary committee in Ottawa as the former minister prepared to take the stand — **Page 29**



**CONTENTS**

Books	26
Breeding	18
Business	38
Cover/Canada	14
Dairies	8
Environment	48
Films	61
Fetheringham	64
History	54
Music	32
Newman	42
People	47
Q&A	19
Science	46
Sports	43
Television	62
Theatre	42
World	28



**A cheeky greeting**

Prince Charles and Diana, the Princess of Wales, arrived in New Zealand to be greeted by Maoris in traditional dress—and an unconventional protest. — **Page 47**



## Maureen's choice

With regard to the March 25 letter to the editor by Richard D. Cornejo denouncing Maureen McTeer for not taking her husband's name, many people, myself included, would like to remind Cornejo that, indeed, this is the 20th century. McTeer is a lawyer, wife, mother and a charming lady, she is intelligent, aggressive, strong and successfully devoted to her husband, Joe Clark. If a suffix to someone's name is a criterion for forwarding one's political career, I am only thankful that I was raised on the belief that all men and women are equal and that marriage is an equal partnership. Maureen McTeer, I salute you.

—DAVID M. RUSSELL,  
Edmonton



McTeer: this is the 20th century

I would like to express my support and admiration for Maureen McTeer in choosing to retain her own name. In so doing she was, in fact, have added her husband's political career. Approximately 55 per cent of the voters in Canada are women, many of whom support her choice and admire her professional approach to her position.

—FAMILA VALENTE,  
London, Ont.

## Anti-Semitism: vicious lies

After reading the article *Tracking Hate in Alberta* (*Saskatoon*, April 18), I was filled with rage. Who does James Keegstra think he is? My parents were children in Nazi Germany and were forced to endure the Hitler youth movement, which stressed anti-Semitism. I

am 24 years old, and yet even in my life have my parents ever indicated that they are anti-Semitic? If they are, they keep it to themselves, just as James Keegstra should. Not only should Keegstra be barred from the teaching profession, but he should also be charged with the murder of Isabella.

—SARAH, R.C.

We were amazed that the Alberta Teachers' Association is supporting James Keegstra's fight to get his job back. Keegstra's teachings are based on vicious lies and faulty logic. Two consequences of anti-Semitism and any other racial hatred. By supporting Keegstra, the association is condoning the teaching of racially motivated hatred and intolerance. This kind of thinking provides a fertile breeding ground for fascism. We Canadians cannot stand idly by and watch Hitler's philosophy come into practice again.

—ELIZABETH AND AESTHE BORG,  
Thornhill, Ont.

## Exporting talent: risky business

Your otherwise positive review of the Charlottetown Festival's *Season's Greetings* (April 14) (*Saskatoon*, April 14) concludes on the sour note: "...it seems unlikely that after all these years Charlottetown will ever produce another Anne of Green Gables for national, let alone international, consumption." But touring, let alone international presentation, is a risky business, and the Charlottetown Festival is to be applauded both for what it has accomplished and for having the fortitude to take the risk—something that very few others are doing.

—KENNETH R. DUBREUIL,  
West Vancouver

## PASSAGES

**APPOINTED.** Jacques Hébert, 59, the co-chairman of the controversial Federal Cultural Policy Review Committee (known colloquially as the Applebert committee from an eponym of his name with that of Louis Applebaum), is the Senate, by his old friend Prime Minister Pierre Trudeau. Hébert is best known as a book publisher and author of 15 books, including *Two Seasons in Red China*, an account of his travels in China with another Trudeau.

**SELECTED.** Ohio Teachers' chief Jackie Presser, 56, to the presidency of the 1.8-million-member International Brotherhood of Teachers, by the union's general executive board, in Scottsdale, Ariz. Presser, who has been linked to organized crime, succeeds Roy Williams, 68.

**DIED.** Earl (Patric) Hines, 77, the piano genius who with Louis Armstrong, revolutionized jazz in the 1930s, introducing complex harmonies and active-jumping melodies that became popular 10 years later, of a heart attack, in an Oakland, Calif., hospital. After playing with Armstrong's combo, Hines led one of the hottest swing bands of the 1950s.

**REFUSED.** William Paley, 62, the man who bought CBS Inc. when it was a struggling radio network in 1928 and turned it into a communications empire, from his position as its first and only chairman, in New York City. Paley stepped down in a week when CBS television was rated number 1 among U.S. viewers for the fourth consecutive year.

**DIED.** Character actor Walker Steink, 84, of a self-inflicted gunshot wound, at his home in the Long Island, N.Y., community of Flower Hill. Steink came from a European theatrical family and was often cast in the role of the Nazi villain in Hollywood movies such as *Once Upon a Harem* (1942).

**BIRTH.** Master Crabbe, 15, the 1922 Olympic swimming gold medal-winner and actor, apparently of a heart attack, at home in Seattle, Wash. Crabbe starred in numerous films after winning fame at the Olympics, but was best known for his roles as Buck Rogers and Flash Gordon in the 1930s and 1940s.

**RENEWED.** Frank Hankiewicz, 58, continues press secretary to Robert Kennedy in his campaign for the presidency of the United States, from his position as chief operating officer of National Public Radio in Washington, D.C. Hankiewicz joined the 276-member network in 1977.

## GORDON'S GIN. CLEARLY WORLD CLASS.

ESTD 1769

DECEMBER 69

**GORDON'S**

**LONDON DRY GIN.**

1.4 Litre 40% alc/vol

THE HEART OF A GOOD COCKTAIL LE SECRET D'UN BON COCKTAIL

DISTILLED IN WATERLOO, ONTARIO BY DISTILLERIE WATSON & JENNIFER PEAR  
**TANQUERAY GORDON & CO. (CANADA) LTD.**  
 UNDER THE AUTHORITY OF TANQUERAY GORDON & CO. LTD., LONDON, ENGLAND  
 1515 10 CONTROLLE DE TANQUERAY GORDON & CO. LTD., LONDON'S ANGLETERRE

**SUBSCRIBER'S MOVING NOTICE**

Send this notice to: **1000 Zeeb Road, Toronto, Ontario M2V 1B5**

Let us know if you are moving to a new address. Please print clearly and legibly. Send this notice to: **1000 Zeeb Road, Toronto, Ontario M2V 1B5**

NAME ☐ LAST NAME ☐ FIRST NAME ☐ MIDDLE NAME ☐

ADDRESS ☐ STREET ☐ CITY ☐ PROVINCE ☐

POSTAL CODE ☐

ATTACH OLD ADDRESS LABEL HERE

Let us know if you are moving to a new address. Please print clearly and legibly. Send this notice to: **1000 Zeeb Road, Toronto, Ontario M2V 1B5**

## Appreciating craftsmen

While we are pleased to see your magazine giving extensive coverage to an important exhibition such as *From the Heart* (The Century Company, 100 E. Wacker, 3rd, March 24), we really must take exception to the denigrating comment that the artists in this show "possess an originality . . . that elevates them far above the level of craftsmen." Perhaps you are unaware that some of the greatest artists of the Renaissance (for example Ghiberti) and Uccello to name two, were all trained as craftsmen. Would you also maintain that the furniture of, say, 18th-century France displays little originality?

JOHN WOODRUP,  
Canadian Crafts Council,  
Ottawa

## Humanism and the church

Well, what do you Barbara Amiel has taken it upon herself to tell us that she is even more inflexible than the Pope (Pope Charles O. Arding, Column, Feb. 10). The Roman Catholic bishops are, in her eyes, "scoundrels of the state," "Marxists and Maoists," behind whose working paper on the immorality of unemployment lies "Marxist theory, of course." The answer, she presumptuously suggests, "may lie in finally making their ideas heresy." I doubt that the Holy Father and the church in general will be appreciably grateful for her advice. But she never heard of the world gospel? There are a great many Christians, of many denominations, who believe that it is our responsibility to be concerned not only with the state of our own individual souls but also with the entire life of the whole society. The Catholic bishops, led by the admirable Most Rev. René De la Motte, were following not Marxist doctrine but the words of Jesus. I cannot help but wonder how much reading of the New Testament Amiel has done recently.

—MARGARET LALANDE,  
Lafayette, Ont.

If Barbara Amiel could take a few moments away from her search for a Marxist under every altar, she might realize that her own "Solid Surface" with Ideology has distorted her perception (The Dangers of Blind Faithism, Column, March 14). While Amiel no doubt claims to be open-minded, her tales and her sensational bedtime stories about financial empires built by men with vision, the Ideology are trying to re-examine our economic problems with an open mind. There may be considerable latitude in their report, but they do recognize that economic strategies derived in ideas from the Industrial Revolution are in many ways ineffective in dealing

with a society transformed by technology. The bishops' call for greater social responsibility in economic policy and their attempts to create dialogue are certainly welcome. And they have Amiel to thank for such irresponsible publicity.

—MICHAEL BENYON, 26,  
Georgetown, Ont.

Barbara Amiel is right on target when she states, "Between Christianity and the ideas of Marxism there can be no reconciliation." The manifesto of the Canadian bishops is a very disturbing and disheartening symptom of what happens to churches who no longer hold to their task, namely that of preaching, purely, the Word of God. Instead of preaching revelation and humanism, the churches must preach repentance of sin and salvation only through faith in Jesus Christ. Only in this way can there be healing and restoration, and true happiness.

—NETTY VAN ABBEN,  
Carmar, Man.

Barbara Amiel McCarthy, like Reagan, appears to be afraid of the "evil" Red Menace—in much so that she is willing to malign both Marx and the Bible. She is so lost to point out the undeniable benevolent (redemptive and salvific) of the so-called Communist or Marxist states that she is willing to overlook the massive role played by the U.S. war industries (with the collusion of various fundamental right-wing groups) in the half-and-half grab of nearly starving half of Central America to death. Misreading the gap between rich and poor does not mean that the individual privilege to work harder than the social average, thereby earning prestige and better remuneration. However, the despotic tyrants, led above the bishops, know that Jesus puts people before profits (The injustice of distribution was also Marx's concern.) Amiel should marry Reagan and take a "ruise" to the Americas. Maybe then people would abide peace and social justice could discuss rationally how to use our marvelous technological and human resources to get us out of this mess. —CONRAD JACOBSON,  
Toronto

## Criterion for leadership

Allan Fotheringham's conjectures in his March 11 column (Joe Cannot Turn Back the Clock) on the futility of the pending Conservative party leadership contest implicitly project a two-bank race between Joe Clark and Brian Mulroney. One has to agree with Fotheringham's conclusion that only these two candidates for Conservative leadership are worthy of the position by reason of experience, political background and ideological purity. But I think Fotheringham missed the real difference

that divides these two prospects for eventual leadership of the next (and immediately pending) government of Canada, and that is that Mulroney is a candidate from the East, which represents disproportionately the vast majority of voters. Conversely, Clark is a westerner, a prospect who has failed to sell himself to the majority of the eastern element, without whose support no leader can succeed. In addition, Mulroney is blessed with a high degree of natural, charismatic character which enables him to attract the fierce cynicism of the glibbie voters. This is a trait sadly lacking in Clark.

—JACK M. CLARK,  
Kelowna, B.C.

In response to a letter in the March 11 issue of your magazine suggesting that Brian Mulroney is perhaps the best choice for the leadership of the Progressive Conservative party because he has charisma and personality, may I suggest to your readers that a man with both charisma and personality has brought this country to its knees.

—J. J. DUNN,  
Surrey, British Columbia

Most of us have been about the federal political scene and system; we find something wrong with a party leader or some legislation or policy. Then there are the professional soldiers, such as Allan Fotheringham, who presumptuously wish to impose discipline in the party leadership election to demand any potential candidate who does not speak French (the native francophone). Somewhere along the line both have been missed. A person's inability to speak French like Mulroney need not mean that he or she should be barred from leading a party or running our nation, if they have sufficient other qualities. We are fools to discuss potential great leaders for such petty, shrill, unhelpful reasons.

—JANIS GUN,  
Vancouver

## Southwest of nowhere

Your article stating as Arctic Chum (Science, April 4) designates a position as "300 km southwest of the North Pole," which is meaningless unless the only possible direction from the pole is due south. Perhaps in your Twentieth-century world this makes sense. But why not make it easier for everyone by saying, "Just head up Yonge Street and hang a left when you are about 400 km from the pole!"

—HEIDI ROE, 1015005,  
St. St. Mary, Ont.

Letters are edited and may be condensed. Writers should supply names, address and telephone numbers. Mail correspondence is left in the Editor's Mailbox's magazine. Mailbox, Please Reply: 777 King St., Toronto, Ont. M5W 1A7.

# Power vs. Money

## Pioneer receivers give you more for less.



Higher output power at less cost than ever before. That's a promise only the Pioneer SX-303 AM/FM Stereo Receiver can deliver. Because it's the only one of its kind on the market with a big 45 watts of output per channel.\*

Giving you more for less, Pioneer's original high tech design and the knowhow gained over long years of high fidelity manufacturing are also put to your advantage in the all-important preamp and sensitive AM/FM stereo tuner as well. This means well-designed, superclean sensitivity you can depend on to handle virtually any musical source for a minimum of noise and distortion.

Controlling the SX-303 is made simple and sure by the sensible front panel layout—with all switches and controls

placed where they fall under your fingers instantly without fuss or fumble.

As in the slightly lower-powered SX-202, an even more economical alternative, the Pioneer reputation for quality high fidelity is even more reason to play it our way, with more power to you.

\*The SX-303 offers a continuous average power output of 45 watts per channel, min. at E class, from 40 to 20,000Hz with no more than 0.5% total harmonic distortion. The SX-202's power output is 25 watts per channel, with all other measurements identical.



**PIONEER**

See Canadian importer

**SHP S.H. PARKER CO.**

47 Lovers' Lane, Dix Hills, Ontario M2B 2T9 Phone (416) 461-8333  
157 Lovers' Lane, Toronto, Ont. M6P 2P2 Phone (416) 531-3338  
151-3650 Adelaide Road, Richmond, B.C. V6V 1Y5 Phone (604) 273-1955

# A flourishing hub of illicit trade

By Peter Lewis

When Victor Paulae sat out to trap a bee, it was his fifth such expedition in as many years. As a result, he knows he would need another dart, net, rope and heavy gloves for the laubery, soft-spoken Belgian did not require single gear, because the lion lived in the basement of a house in Anderlecht, a run-down district of Brussels. The animal had been cubs when its owner bought the male cub, but now, emerging the least began to inflict heavy damage on the house and even accidentally devoured the finger of a family friend.

"They never learn," muttered Paulae in disgust. "People buy them as cats and imagine they are going to stay really forever."

The lion and its owners were both victims of an unscrupulous, worldwide network of people who traffic in exotic animals and who use Belgium as a springboard for their trade because that country has not yet implemented animal protection laws. Dealers can now go through customs with anything from a vulture to a gorilla.



Paulae going through customs with anything from a wombat to a giraffe

because it encourages thoughtless householders to acquire animals for their novelty or sex value, only to grow tired—or frightened—of them as they age. But the traffic becomes criminal when, as in rare cases out of 10, rare animals reaching Belgium are subsequently smuggled into other countries where they are exploited for commercial gain in private wildlife parks. "A

**The illegal trade by Belgian firms in endangered species is considered to be worth more than \$50 million a year**

good number do not survive the voyage," explained Paulae. "If suppliers don't get them, they're sold wild." Asprey in Belgium who wants a mountain gorilla—only 250 remain in the world—can easily obtain one for \$300,000 simply by making a phone call. The going rate for a rare white rhinoceros is \$5,000, \$10,000 for a chimpanzee, and a lion cub can be bought for as little as \$500.

World trade in wildlife is governed by an 81-country pact drawn up in Washington, D.C., in 1973 to control trade in

wildlife species deemed to be in danger of extinction. Prodded by wildlife movements, Belgium agreed to the so-called Washington Convention in 1980 and so far has failed to implement its provisions. That badly permits a few Belgian firms to strengthen their hold on an illicit world market in endangered species, a trade that environmentalists claim is worth more than \$50 million a year. While dealers make their biggest profits from trafficking in primates and big cats—the value of a cheetah can increase by 3,000 per cent from the time the animal leaves Africa is the time when it arrives at a private zoo in Singapore—they also spin fortunes from the

trade in rare birds, fish, coral, reptiles, bats and even insects. Many of Belgium's top smugglers are now dropping their old lines of contraband to participate in the wild animal trade, encouraged by the reports of the quick fortunes that can be made in the traffic of animals. The unscrupulous entrepreneur bring a lot of experience to the game, because Belgians not only have a strong track record of nonconformity, they also take great pride in devising up dodges to defy customs.

The markedly sophisticated turn that smuggling has recently taken, however, is alarming authorities. A few years ago (darkened) ships, their holds crisscrossed with illicit arms, surreptitiously left Antwerp harbor at night bound for one of the world's zones of turmoil. But now illicit traffic is conducted in daylight, and the dealers use Cuban and/or eastern certificates. When diamonds flow from Sierra Leone and Namibia were once smuggled into Antwerp—the world's biggest gem market—seen into the lining of the coats of African carriers, the precious stones were merely (visually) square papers attesting their origin as South Africa or the Soviet Union.

Officials estimate that at least 10 per cent of the \$600 million to \$800 million in arms that Belgium merchants sell each year ends up in the hands of people who were not destined to receive the



Memories are made of this: a gracious Jamaican stewardess who greets you at the cabin door with a smile that says welcome a tantalizing complimentary Sum Bamba cocktail—a taste of Jamaica in the sky, a delicious meal Jamaican style or if you prefer continental cuisine—a cup of other dinner coffee that's more than just a cup of coffee—it's a blend of our rare and delicious Blue Mountain coffee—it always rates a second cup. Ahh the memories linger on.

There are other things worth remembering too. Like Air Jamaica's

**MANY HAPPY MEMORIES CALL FOR MANY HAPPY RETURNS**

**airJamaica**

convenient schedules, affordable vacation packages and unparalleled wide-bodied A 300 service to and from New York, Miami and Toronto. So bring back those happy memories with the airline that brings you merry happy returns—Air Jamaica. For reservations and information, call your travel agent or Air Jamaica in the United States at 1 (800) 533-5555. In Canada call (416) 363-5001 or ZES-5000.

NEW YORK PHILADELPHIA BOSTON  
INDIANAPOLIS MIAMI MIAMI  
SAN JOSE PORTLAND SEATTLE  
MONTREAL NEW YORK  
ATLANTA LOS ANGELES

arms. Although Belgium, like other major arms suppliers in the West, insists on seeking end-use certification before approving a sale, those are easily obtained by befriending an official at a Third World embassy in Brussels to place an order in his government's name and then arrange for the Belgians to rubber-stamp the deal. When the arms leave they are listed as "lost in transportation." Natan

Michael Vandenham, in his book *Belgium and the Arms Trade*. "The Belgian government seems to have adopted the principle of declaring all responsibility after the goods leave our shores."

Belgian authorities largely turn a blind eye to arms trafficking given the economic slump gripping the country; they see their prime responsibility to be that of protecting Belgian industry and jobs. Belgian arms manufacturers employ about 100,000 people but they are steadily losing everyone in the area of drugs. Last year Belgian customs officers apprehended a record 7.8 million tonnes of hashish and 61 kilos of heroin entering the country by boat and airplane, and police declared these seizures to be merely the tip of the iceberg because they did not include drugs confiscated inside the country or those that escaped their notice.

Belgium's carabined community is sensitive to facts and can be affected by trends in the economy. Unemployment, struggling tapered off in the past two years because of the slump in the world gun market. (Specialists in Antwerp say that scores of defense organs now sit unused for only two or three per cent of gun stock.) And, however it seldom sells and Mercedes cars is also declining because of a drop in demand by Niger—its main customer country. However, airplanes in one area of Belgian continued growth: passenger jets look to be the trade's growth sector, like animal trafficking, in which there are handsome profits to be made.

But this year may be a turning point in what has been, until now, an extremely lucrative market. The Belgian government, prodded by growing public outrage over the treatment of wildlife, last month declared that it plans to begin implementing the Washington Convention shortly, depriving scavengers of their supply of animals. Still, Poitiers and other animal welfare sympathizers warn that if the government imposes the ban, it may still be too late to curb the thriving market. According to Poitiers, it would take more than threats to force his countrymen to abandon a rewarding game. "The motive was so deep that no one in this state might only succeed in pushing people into the hands of traders," he said. "What you need is to make Belgian aware of his previous contraband either. But that," he admits, "would take some doing." ☐

## Q&A: ALVIN TOFFLER

# A preview of a new revolutionary world

Alvin Toffler, who coined international notions as the world's premier futurist with his best-selling books, *Future Shock* and *The Third Wave*, was among the first to denounce the profound impact that computers would have in shaping the way people think, act, work, play, form social relationships, govern themselves and even evolve as a species. Now Toffler extends his analysis of the transition of Western society through the "information age" in his new book, *Projections and Promises*, to be released at the end of May. Nielsen's correspondent David Burstein talked with 64-year-old Toffler in the author's office.

**Nielsen's:** What big changes lie ahead in the way in which we conduct our daily lives?

**Toffler:** Much of what we were taught in

*'The whole pattern of daily life will change. We are going to have to let our insides hang out a little more'*

the past about how to succeed will now turn out to be false. The historians say that the organisms most perfectly adapted to its environment is the most vulnerable to change. People who were extremely successful in the Second Wave style may find that that works against them. That is happening to millions of people today who have been successful as blue-collar workers or blue-collar managers. We shot a television special based on *The Third Wave* with TV Ontario and in the course of it we went to a foundry. The thing that struck me was not just that those workers could not walk across the street and get jobs in Silicon Valley but that the managers could not either. Everything was wrong—their style of management, their culture, their lifestyle, the way they spoke, the way they dressed. They were highly successful at what they had been trained to do but a new culture comes along with the Third Wave industries.

**Nielsen's:** What are the features of that new culture?

**Toffler:** For one thing, a slower, more flexible workplace. Almost everyone in

a Second Wave organization has grown up reporting to one boss. There is a single ladder of progression. Now you go into a Third Wave company and you find yourself not with one boss but with two or three for different functions. And you yourself may be the boss on some project. In the old company you dealt with the same group of people year in and year out. But in a Third Wave company the people keep changing, and you don't get to know that much about them. Some people come to work at 8:00, some come at 10:30, some do not come on Thursdays. In terms of fringe benefits, they let you work, here's a complete list of options. Which ones do you want? The option may wind up costing the company the same, but you have the choice, you have to make decisions. You are going to have to be more of an individual. You are going to have to let your insides hang out a little more.

**Nielsen's:** You predict that a great many of us will be working in our homes with computer tie-ins to our central workplaces.

**Toffler:** Millions of people will be working in their homes. Millions already do. Not everyone full time. For some people, a few days in the office, a few days at home. For others, perhaps three weeks in the office and one week at home to actually get the job done. The idea of it is terrifying for some people. In some cases, husbands and wives throw that closely into contact will have each other. Others will grow together. The whole pattern of daily life will change. In industrial society it is tragic to live in the suburbs, get in a one-hour commute, eight hours at work, an hour going home, have your supper and then you are tired and all you are good for is watching a sitcom on TV. But if you work at home, you get up at an hour you decide. If you are a night person, you work at night and sleep late. Through your telephone line, you send your work to your office. In all probability you can get more work done in fewer hours by working during your own personal peak hours of productivity. Few relationships in the home will develop between you and your spouse and kids that does not mean that everyone loves each other. It just opens up new possibilities.

**Nielsen's:** The notion of deconstruction of nation-states and the importance



## Caring.

At Tippet-Richardson, we understand that moving is more than packing boxes and loading trucks. It's caring.

Caring about your furniture, your possessions, your personal treasures, caring about you.

Because whether you're moving Overseas, across the country or around the block, we understand what you want from your moving company. Caring.



**T-R Tippet-Richardson Limited**

"The friendly movers"

In Ontario... Toronto, Hamilton, Kitchener, London, North Bay, Ottawa, Peterborough, Stratford and Treviso  
In Alberta... Calgary, Edmonton and Fort McMurray. In California... San Jose

of regions seem to run consistently throughout your writing. What is your opinion of Quebec's "separatism"?

**Tuffier:** The problem of Quebec and Western Canada are to me just symptomatic of problems we are going to have in other countries. Smart nations will loosen the central controls and permit their regional and provincial governments to regional requirements rather than insisting on standardized economic policies. Dutch governments will resist every move toward regional self-autonomy, and that will lead to unpleasant and unnecessary confrontations. I do not see us going back to city-states independent of each other or de-

veloping autonomous regions without the nation-state. The nation-state does have certain useful purposes. I am not sure if Prime Minister Pierre Trudeau that Canada's problems in this regard are a laboratory for other countries. Things are not as different when you look at Scotland and Wales or at France and Alsace-Lorraine, Brittany, and so on, because the economic structure of things is changing. There is an increasing economic base for regional autonomy.

**Mackenzie:** Is the Third Wave just rolling in or is it a recurring resistance?

**Tuffier:** Second Wave societies produce Second Wave leadership. And the presidents and prime ministers who have played the Second Wave game so well to get where they are will be the last ones to acknowledge the need for restructuring. In the United States we have a president who calls for going back to the basics in education—without the thought ever crossing his mind that we need our basic for our school system. We have a Democratic party that has been tied hand and foot to the Second Wave industries and unions—to General Motors, Chrysler, the United Auto Workers, and so on. But these cases are not the only ones. They require highly educated, less-unionizable workers. They use all kinds of new technologies that nobody understands very well. You begin to get "Atari Democrats," "Apple Republicans." They are bowed into a lot of these changes. But they are not the only ones. As far as I am concerned, the Atari Democrats and the Apple Republicans are the only hope in our present political structures. But they are trapped by constitutional requirements, party

structures and the political decision-making process that makes it almost impossible for them to operate. This is a period of great confusion and chaotic upheavals, but what has ahead is going to make everything we have seen so far seem like distant cake. There is going to have to be fundamental restructuring of the political system in all industrial nations. People are just beginning to wake up to the fact that the "basic industries" are never going to be basic again. But the big shock is going to be when they find out that their basic political structures are not going to be the basic structures of tomorrow.

**Mackenzie:** Is the breakdown of Second

Wave societies a phenomenon in inevitable countries?

**Tuffier:** Classical Marxism is highly centralist. Marx believed, as did Lenin and as do most Marxists, that the factory and mass production was the most advanced form of production. As a result, they came up with a vision of the world that was like a factory. The efficient way to run a school is to have a school that resembles a factory, etc. Attempts at centralized control of the economy worked less well, though. But, by and large, the results of trying to centrally plan anything as large as a national economy were abominable. In China today there are leading intellectuals pointing out that consumer requirements are too diverse to be centrally planned. If that is true of a mass industrial economy, what happens when you get true diversity as you move into the new information service-oriented Third Wave economy? If an economy heavily committed to the information service

sector requires creativity, imagination and freedom to make errors, then it would have to agree that the market model can provide that more easily than the central-planning model. To allow people to try out 10 bad ideas before they find one good one means that you have to allow for dissent. Now when a society suggests that dissent is what the Second Wave does, it is, in effect, condemning itself to a perpetuation of the Second Wave.

**Mackenzie:** Unlike some other futurists, you do not seem to be too enthusiastic about Japan as a model for North American economies. Why not?

**Tuffier:** The Japanese were very successful in following a classical Western development strategy. Their success is based on the success of their Second Wave industries—steel, auto, consumer electronics. Because they started late, they started with more advanced technology. They created a school system that is even more rigid and more Second Wave than the one we have. So they were very successful at this game. But they know the game is over. We have a bunch of scholars in the West saying, "We should emulate the Japanese." They want us to adopt all the best characteristics of the Japanese model but the technocratic, bureaucratic solutions that worked for the Japanese in their Second Wave development. In

effect, we are being advised to adopt certain Japanese practices at precisely the time the Japanese themselves are getting ready to discard them.

**Mackenzie:** What is the Pacific War, and when will we see it?

**Tuffier:** Another great wave of change could result from the saving convergence of the revolution in biology and the computer/communications revolution. They point to future calculations of "masses and living matter," "bioclips" and "cyberpigs." Because of the biological revolutions, we can imagine changes in the human species. It could force another round of fundamental changes in family institutions, education and politics. It could even bring about changes in the future evolution of the human species. Some of these possibilities are frightening but they exist. We need to begin thinking now if we wish to harness that sort of wave of change. The changes could create new moral, political and human problems—

## FOLLOW-UP

# The trail of a survivor

When Palestine Liberation Organization Chairman Yasser Arafat strolled through a cheering, shouting crowd in the port of Beirut last Aug. 30 to board a Greek passenger ship, he was visibly thinner and more frail-looking after three months of humiliation at the hands of the Israeli army. His departure for Greece ended 15 years of PLO autonomy in Lebanon during which the PLO made dramatic political gains and then suffered a crushing military defeat. When asked about future plans as he and some 50,000 Palestinians left Lebanon, Arafat replied with characteristic imperiousness: "This is a station, and I am going to another station. This is a long march." Since then, the 38-year-old former civil engineer has rarely stopped long enough to topshave his bushy Drivens

*Yasser Arafat is a man with a mission—however dubious. He is like a bomb. He wants to explode*

out of his last Lebanese sanctuary in the PLO stronghold of West Beirut, he constantly shuttles among far-flung Arab enclaves—Algiers, Sudan, North and South Yemen, Iraq—first back on his defeated guerrilla. Observed a close adviser: "It's an incredible life, out of one airplane and into another."

Perpetual motion and the absence of a private life are not new to Arafat, who is, as he says repeatedly, "married to the Palestinian people." He had no fixed office in Beirut and no known home. For reasons of security, he seldom slept in the same place for two nights in a row. During the Israeli invasion he even slept in a car parked in a vacant lot. Certainly, the ubiquitous Arafat is no stranger to discomfort. In Beirut most of the PLO's offices were located in dirty and unlovely apartment buildings in a drab and dirty part of the city. In a rare departure from his frugality after last summer's defeat, Arafat moved his headquarters to the Saba Hotel in Tunis, a seaside resort outside the capital of Tunis that had been the PLO's lobby and a miniature golf course, sta-

# FOR BETTER TASTING COFFEE

Once all Automatic Coffee Makers had flat-bottomed baskets.

Often the water never reached all of the coffee, so a lot of the taste and flavour was lost.



# JOIN THE MELITTA REVOLUTION.

Then came the Melitta revolution. Only the revolutionary Melitta cone filter system whirls, swirls, and concentrates the water and coffee, releasing all the deep, rich, flavour of the blend.

The result is the best tasting cup of coffee you've ever enjoyed.



Join the Melitta revolution with one of our wide range of Automatic Coffee Makers.



We're the way the world is making coffee now.





# THREE NEW PERSONAL COMPUTERS THAT MAKE ALL THE OTHERS MERELY INTERESTING HISTORY.

There was a time in recent history when people could tolerate the inadequacies of personal computers. We believe that era has ended.

Now you can own personal computers that are more powerful, easier to use and more fully supported than any to have come before them.

They are the new personal computers from Digital Equipment Corporation, the world's second largest computer manufacturer.

Digital's personal computers give you more information on the screen. More storage. And communications options that let you talk to other, larger computers anywhere in the world.

When it comes to graphics, you no longer have to settle for the "paint-by-numbers" look of yesterday's systems. Digital's optional bit-map graphics give you four times the resolution of even the very best picture tube. And you no longer have to settle for the pale, bland colors of the past. Digital's personal computers give you a wider palette to pick from.

Even more, you no longer have to be content with a narrow choice of personal computers. For Digital gives you three choices: Rainbow, DECmate, and Professional personal computers. Different kinds of personal computers, because there are different kinds of problems to manage.

So if you've been unhappy with the history of personal computing thus far, be glad. A new generation has begun. To find out more, call 1-800-267-5250 and we'll send you our free

personal computer brochure. Or write: Digital Equipment of Canada, Ltd., P.O. Box 13000, Kanata, Ontario, K2K 2A6.



*The microcomputer of general computers*



*The fully supported small business system*



*The low cost high performance machine*

Digital and the DEC logo are registered trademarks of Digital Equipment Corporation.  
© Digital Equipment Corporation 1982

**digital**  
**MORE PERSONAL.**  
**MORE COMPUTER.**

bles and tourists courts on the grounds (R.O.), despite the relative openness, PLO officials spend most of their time in the hotel's coffee shop talking about the war and later spread out across Tunis on a security perimeter.

Arafat now spends very little time in Tunis. He keeps on the move, visiting refugee camps, rallying restless fighters, buying Soviet arms with Saudi money and trying to maintain good relations with both Iran and Iraq, the Gulf war foes. His gambles are scattered from Algeria to Iraq. Although his own Al Fatah (the conqueror) PLO

faction is headquartered in Tunis, the seven other rival factions that form an uneasy PLO coalition are spread throughout the Arab world. Arafat himself continues to denounce the "Israeli-American war machine" and he pass most of his hope for the future on the ability of the United States to force a Middle East peace settlement on Israel.

The frenetic activity takes its toll. Arafat's sides are encrusted for the health of "the old man," as they affectionately call him. Although his leg, arduous energy and enthusiasm remain

undiminished, colleagues note that his perpetual stubble is grayer and that the shadows under his eyes are deeper. The Palestinian leader drives himself at a pace that would quickly wear down even his own men. After 10 years at the helm of the PLO, he still works from 10 a.m. until dawn, getting by on four or five hours of sleep each day. But aides say that he is now beginning to heed their cautions by drinking copious amounts of tea and honey to boost his energy.

Anxiety about Arafat's punishing schedule is compounded by concern that his shuttle diplomacy may be going nowhere, that the political games of the Lebanese war may be lost unless the peace process moves quickly forward. Arafat is in a very bad phase," said one of his closest aides. "He is like a bomb. He wants to explode. But he has tremendous willpower and faith. He never desponds. He is like a Jordanian Palestinian fighter going to a mission." Despite the damage inflicted on his military organization and the lack of meaningful political progress eight months after the PLO evacuation from Beirut, Arafat remains, more than ever, the unchallenged leader of his people. When the Palestine National Council, the Palestinian's appointed "parliament in exile," met in Algiers in February, Arafat got his way on every major issue, even though his positions were hotly debated. Although his authority is not disputed, he readily accepts the criticism of his people. "It is their right," he said. "I lead a democratic organization, not a flock of sheep." Determined to win U.S. recognition of the PLO, Arafat now makes himself more accessible to the media.

Although the administration of U.S. President Ronald Reagan still refuses to meet with any member of the PLO, the organization is now granted some form of recognition by more than 100 countries (Canada does not officially recognize the group). Indeed, more countries now accord the 38-year-old guerrilla movement diplomatic recognition than recognize Israel. An adroit Arafat, who now realizes that the strength of the PLO lies in diplomacy, goes on an with his peace initiatives. "I have come bearing an olive branch and a freedom fighter's gun," he said. "Do not let the olive branch fall from my hand." For the indefatigable PLO leader both options remain very real, as do the constant fatigue and the gun at his hip, constant reminders that he is a fighter whose battle has yet to be won. For now, he has the support necessary to keep the guns silent. But this will not be the case forever. "I am determined to follow peace through to the bitter end," said Arafat. "But if diplomacy fails, and if there is no alternative, I will be the biggest terrorist of them all."

—JULIE FLINT in Beirut

## "Going Places"

In Toronto, when you're going places, you demand excitement, quality and value. That's the Skyline.

Enjoy a quiet moment in an intimate lounge or the excitement of great live entertainment. And of course, there's superb dining in the four international quality restaurants including our fabulous supper club, The Cloud Room. For business and pleasure too, the Skyline delivers outstanding value.



Rooms From  
**\$55.00**

When you're going places  
come to our place

**THE SKYLINE TORONTO**

FOR INSTANT RESERVATIONS CALL TOLL FREE:

• TORONTO  
1-800-426-0266  
• U.S.A.  
1-800-828-7000

• ACROSS CANADA  
1-800-346-1232  
• NEW YORK (212)  
1-800-912-2123



**YORK HANNOVER HOTELS**  
EXCITEMENT, QUALITY, VALUE

DIVISION

THE SKYLINE  
Toronto Ontario

THE FISHBOWL OPERATOR  
Burlington Ontario

THE HILLTOPPER  
Burlington Ontario

THE HILLTOPPER  
Burlington Ontario

THE HILLTOPPER  
Burlington Ontario

THE HILLTOPPER  
Burlington Ontario

THE HILLTOPPER  
Burlington Ontario

THE HILLTOPPER  
Burlington Ontario

*J&B. It whispers.*

**RARE**  
**BLENDED SCOTCH WHISKY**  
**100% SCOTCH WHISKIES**  
BLENDED AND BOTTLED IN SCOTLAND BY  
**JUSTERINI & BROOKS LTD**  
*St. James's Street, London, England*  
WINE MERCHANTS TO THEIR LATE MAJESTIES  
**KING GEORGE IV**  
**KING WILLIAM IV**  
**QUEEN VICTORIA**  
**KING EDWARD VII**  
**KING GEORGE V**  
**KING GEORGE VI**  
AND TO HIS LATE ROYAL HIGHNESS  
**THE PRINCE OF WALES (1921-1936)**

# THE FIRST. THE FASTEST. THE ONLY. NON-STOP VANCOUVER TO HONG KONG.



Now, every Thursday and Sunday at 2:15 p.m. fly non-stop, the fastest route  
to Hong Kong, the hub of Asia, only on Cathay Pacific.  
Call your travel agent or Cathay Pacific. Toll free 800-663-1702. In Vancouver 682-9747.  
THE REAL TRAVELLER'S WAY

**CATHAY PACIFIC**  
The Swire Group



AKL/DNB AUCLD/BHM BKK/CKK BOM/BY BKK/BNE DUB/1  
FUK/OKA HKG/HKG JAX/JTA KIX/KYQ KUL/LUM/1

LON/DON MAN/1 MNL/CUB MIA/1 PAK/1 PEN/1 PHL/1 PHL/1  
SFO/1 SFO/1 SFO/1 SFO/1 SFO/1 SFO/1 SFO/1 SFO/1





**THE FAMOUS GROUSE**  
FINEST SCOTCH WHISKY  
Quality in every drop of change.  
Available at duty free outlets.

For further information contact Martin Lacey Agencies, Wine & Spirits Merchants, Toronto

status, "We made it very clear that this preparation did show some technical growth. But I was never impressed with the scientific effort." Obviously, whose support Steele still claims to have, refused to be interviewed about Steele and his product. For his part, when asked to provide the names of satisfied customers, Steele offered himself the name of a California building contractor, a New York optician and a Toronto businessman. Tom Link, 21, of Newport Beach, Calif., and Charles Hornberger, 42, of Boston, N.Y., both said that Steele's lotion reversed their baldness. The Toronto man, who asked that his name not be used, was part of a study initiated by Steele in 1976 and since then he has received his lotion free of charge. He said that he has aged "some improvement in his hairline." Steele also claimed that Toronto shoe salesman Claude Rep, who coined the formula for his newspaper in 1980, grew hair. Rep told Steele, "On the *Rocky Mountain Show* (CBC), he told the world he gave hair." But after three months of testing, Rep is sure "it didn't work. There was a bit of hair. That is all I ever saw and that is all I ever said."

Steele's claims of success fail to impress Unger. The inventor's advertisements assert that a "vast majority" of the people tested grew hair. But Unger said that a 30-per-cent regrowth in four people is hardly "vast." The doctor notes that an 80- to 90-per-cent success rate in scientific studies is excellent. "You never even see the figure 30," Unger said that he has seen men who people who have regrown full heads of hair with Steele's treatment—only dissatisfied customers who want to discuss hair transplants. Said one patient, a 49-year-old man who spent \$2,000 on Steele's treatment, "You know you have always had those little white hairs, and they try to tell you into thinking that it is from the treatment." Not only are Steele's test results an abuse, but Armstrong of the Federal Bureau of Investigation (FBI) says that the bureau started Steele shortly after his 1982 product launch that his ads were close to an overstatement of the truth. Said Armstrong, "The property of some of the ads is now being looked at."

Despite the weakness of the scientific evidence to support the hair-growing properties of his, Steele remains undeterred. The points out that Unger specializes in hairless hair transplants and therefore speaks as a competitor. But Unger, who remains convinced that the experiment was done in a "scientifically shoddy" way, says that, "if the staff worked, I would look like an absolute fool a year later." But Steele has been testing the lotion's effectiveness for seven years. Wonders Unger "Where are the full heads of hair?"

—DAVID SILBERT in Toronto

## COLUMN

# The Reagans and The Beach Boys

By Fred Bruning

Quite enough has been said about the effort of James Watt to secure the streets of Washington, D.C., by purging them of *The Beach Boys* and their degenerate, family-threatening music. The U.S. interior secretary only believed that he was martyring society to the mandate of his office—that is, to rescue the complex U.S. ecology from destruction. In this case, Watt concerned himself with the nation's spiritual environment and its various endangered species. Had *The Beach Boys* been looked for a July 4 concert, he feared, softness in his surely would have been floated. There would have been protesters. There would have been rockists, and so drastic public housing. What else, when someone is inflamed by lyrics that cry, "She'll love me, me, me, 'til her daddy takes the T-bird away?"

For more worthy of note is the reputation of Watt's superior, Ronald Reagan, who had the advantage of being president has kept silent while one group or another complained that Watt was trying to soothe off the American wilderness or that he was snuffing too much with strip-teasing interests or simply that he had let his mind slip, suggesting that Indian reservations were harbors of anarchy. ("The secretary has gone berserk," said former senator Gaylord Nelson on that occasion.) No peak of presidential thunder bellowed through the interior then, so order was decreed and the secretary might not be so snuffed and outgassed by customers at the Smithsonian.

The president, of course, allows substantial discretion, respectfully. Reagan is known to prefer the legal minimum. Himself, and, well, the *Beach Boys* episode, Watt was doing just fine. eager to protect the public from depravity, the secretary instead considered a group for whom so less than *Watt's* Reagan claims great admiration, a group distinctly Republican in its persuasions and one that lacked the 1960 presidential bid of George Bush. Inevitably, Watt's remarks gave credence to those who argue that this administration is drifting so far out of touch that it may produce a disaster.

Watt took a superior, after all, that "hard rock" bands of the sort featured at past celebrations on the Washington Mall had been troublemakers and assorted druggies—generally speaking, the "wrong element." This, at least, is

what the secretary had been led to believe by a reading of the newspaper and his part. Watt was hosting a party on the interior department roof last Independence Day and thereby exposed the nation's below. Further investigation revealed that Grant Tinker, a group president, was known as a "wild man" who would let them sing at your daughter's wedding had top billing, and, moreover, that *The Beach Boys* appeared the previous July 4 and—who knows?—might again. Subsequently, Watt decided, "It is important that we get our message across; we will present the picture of America in a patriotic and inspirational way." To that end, authorities dutifully tapped Wayne Newton, a singing millionaire from Las Vegas, and, for diversity, a U.S. Army band.

Hard rock, hard rock, hard rock, biological term, hard rock, did the worst. As even the White House staff knows, *The Beach Boys* eternally addressed

**'Reagan cannot afford to lose votes because James Watt's tastes stalled between Vaughn Monroe and Muzak'**

compositions may be trivial and sentimental, but also melodic, listenable, benign as lullabies. One dish long along *Watt's* radio plays *Good Lovin'* as a kindly reminder to help Mr. Ronald, while it is impossible to do so more when comparisons of, say, AC/DC crash through than level and beg for deference. "Anybody who thinks *The Beach Boys* are hard rock must think Muzak's also just." Watt answered Michael Deaver, deputy White House chief of staff.

U.S. leaders cannot allow their cabinet members to discuss pop culture in such thoughtlessly mistaken terms. A fellow who fails to recognize middle California music is as naive as a liability that one who announces that the Washington Redskins won by two helmets or one who wears Bermuda shorts and black knee socks, or one who insists on using the word "big" while wiggling his eyebrows. (James Watt, granted, one fine soccer, in the president's "chief and.") Even the Soviets, with their happy suits and shiny ties, appreciate *The Beach Boys*. Five years ago the group was invited to play in Leningrad, and on the

Fourth of July, no less. A disagreement between Washington and Moscow prevented the concert from being held, but it was clear the Russians were willing to face the music. On the other hand, you see, Watt was ordering retreat. Unless matters were set straight, Reagan's president was in peril of losing congressional support and perhaps the backing of his wife, as well. "Like *The Beach Boys*," the First Lady said, and promptly called the performers to tell them so.

Next, Capital Hill got into the act. Reagan is having absolutely no luck these days jamming through Congress a defense budget intended to transform the United States into a vast arid desert camp and, so, cannot afford to allocate a single vote—certainly not because James Watt's stalled somewhere between Vaughn, Monroe and Muzak. The issue was discussed in the halls of the Senate, and on the floor of the House, too. Asked Representative George Miller, Democrat from California, "What does Watt the holder of America's moral fate to dictate his views?" The answer was telling now, the less drawn. Heavens could bring heavy losses.

Boldly, Reagan asserted himself. He was accustomed to the White House for a private session and, emerging, announced his conviction. "The president is a friend of *The Beach Boys*," he said. "He likes them, and I'm sure that I get to meet them. I'll like them too." Suddenly, in fact, the fellows had more admiration than they could handle. From around the nation came Fourth of July invitations, and soon enough Watt himself asked the performers to celebrate on the mall. They refused, however, citing professional courtesy. "We're not sure that they could handle it," said another entertainer, "said lead singer Mike Love."

A moment's glance to Watt. After meeting with Reagan, the secretary held up a plaster foot that appeared as though it had been cast there. Reagan may keep a supply of these dainty items for distribution to associates in the habit of damaging themselves, or perhaps the president took the sculpture from a personal collection. Concerning this administration, there remains one mystery as to what, after all, is holder of the fame and who is custodian of the foot.

Fred Bruning is a writer with *Newswatch* in New York.

**"HARRY WHERE ARE YOU?"**

The baby's sick and Harry's on the road. But where?

It will be hours between his last appointment and the next city.

Sometimes, there aren't hours to spare.

Harry can't afford a car phone. And frankly, when he first got the pager it was just for business. Now he wouldn't do without it. For himself. For the deals. For the distance from home. For staying in touch.



**Maclean Hunter Paging**

In Toronto call (416) 542-8482, Telex: 1-800-266-1205



Trudeau congratulating Lalonde; the Toronto Stock Exchange (right): a budget of bits and pieces, but a big bite for consumers

## CANADA/COVER

# A big budget for business

By Carol Gaur

**T**he remarkable transformation of Marc Lalonde is now complete. Last week's budget was the final stage of the finance minister's seven-month winterization. The essence of the nation's business has turned into the land of Bay Street.

Ever since he became finance minister last September, Lalonde has struggled to earn the respect of Canada's skeptical business community. But the intense, 38-year-old Montrealer finally could not stave off the taxpayer fear that deep down he was still the radical interventionist who gave Canada the National Energy Program, still the social reformer who in the mid-1970s proposed that all Canadians have a guaranteed annual income.

Last week Lalonde finally made true

beliefs of many divisions of high places. Ordinary citizens collectively face personal tax increases of \$15 billion in the next four years. For high rollers, however, the budget was heavy in rhetoric about the importance of profits and private initiative. It also was packed with investment incentives—creating a well-established pattern in the Canadian tax system that Lalonde was reluctant to alter (page 39). In short, the business community, and individual investors, received ample proof that the most powerful minister in the Trudeau cabinet had come over to their side. "Until last night there was still some concern about him," said Paul Marvelli Ltd. accountant Spencer Lanzetta at a postbudget breakfast in Ottawa. "But the budget changed his reputation."

Although the stock market responded to Lalonde's maiden budget with a

joyous leap, other groups were considerably cooler in their reactions. The Consumers' Association of Canada termed the budget "a nice package for industry to be paid for by consumers." Dennis McElmerrut, president of the two-million-member Canadian Labour Congress, dismissed the document as "a bland, ultraconservative and virtually useless to the nation's 14 million unemployed." "It's an absolute tragedy," added Robert White, director of the United Auto Workers. For the post, the budget provided only evasion, said Patrick Johnston, executive director of the National Anti-Poverty Organization. Lalonde himself acknowledged that the country's huge middle class—he defines it to include family income between \$25,000 and \$45,000—came away virtually empty-handed. But he offered no apology. "I did not develop the budget on the concept that you have to give a

tax break to everyone," he told reporters at a postbudget lunch. "A budget is not a whole bunch of littlepots so everybody can have his own."

It was a budget without sweet surprises or sticky risks. During a four-month marathon of consultation, Lalonde was advised by some experts to bring in a "neutral" budget—to allow only a small increase in the deficit, to introduce new measures to reduce the nation's veritable level of youth unemployment and to offer tax breaks to businesses to spur expansion. That was just what the finance minister did. His \$25.3-billion deficit was almost exactly what the money markets expected. The \$13 billion job creation package (\$4.8 billion over four years) was precisely the kind of modest stimulus most middle-of-the-road economists advocated. In fact, when the figures leaked out a day early, the reaction in informed circles was little more than an approving nod, even though there were consensus in the House of Commons (following story).

None of the Trudeau government's last three budgets has been quite so innocuous. Former finance minister Allan Rock had a choice—a win one, as it turned out—last summer when he asked Canadians to join a national restaurant crusade. The June budget came to be known as the "Six-and-Five" budget. In his November, 1981, budget—a major package of tax reforms denounced by business—he gambled on a belief that the country would avoid a major shakeup of the tax system to make it more equitable, and lost. In October, 1980, MacKenzie used his first budget to bootleg the introduction of Lalonde's National Energy Program, one of the most virulently anti-business policies in Canadian history.

Lalonde's budget may not have shown the same mighty purpose as those of his predecessors, but he insisted it did have a theme—jobs. "The government," Lalonde declared, "is determined to ensure that Canadians are provided with the jobs they need—good jobs, permanent jobs, satisfying jobs and well-paid jobs." But the finance minister also offered the gloomy forecast that unemployment this year will average 13.4 per cent (11 now stands at 13.6 per cent) and that it will decline only to 11.4 per cent in 1984.

The budget contained two distinct job creation thrusts. The first, which will cost taxpayers \$750 million in the coming year and \$2.4 billion over the next four years, is a traditional make-work program. From the government that gave birth to "double tracking," there now will be "fast tracking," for 100 job-

ber works projects—bridges and shops, buildings and runways—that were postponed for the latter part of the decade. And Lalonde: "Earth will be moved, steel will be ripped, and concrete will be poured in the coming months."

It took Lalonde only eight paragraphs to describe the government's own accelerated building program. It took him five pages to outline the programs the government will launch to encourage activity in the private sector. Said a delighted Roy Phillips, executive director of the Canadian Manufacturers' Association: "I think the entire Canadian population should look on this with some confidence." The package includes:

• **Relaxed rules for investment tax credits** that will allow companies greater flexibility in reducing their income taxes by investing in new facilities. The credit will range from seven per cent to 50 per cent, depending on where the firm is located. The cost to taxpayers: \$190 million this year and \$1.3 billion over the next four years.

• **A temporary tax-credit scheme** for endangered companies that have no income to tax, until April 30, 1985. Cost: \$600 million.

• **A temporary tax-credit scheme** designed to encourage investors to buy shares in Canadian companies between



# THE CAR THAT TOOK TEN YEARS TO BUILD.



In the past ten years alone, no fewer than 30 "exciting" new cars have been introduced in North America, hyped, sold and then quietly discontinued.

Remember the once-famous Dasher, Fox, Monza, Aste, Starfire, Versailles, Pacer, Monarch, Sunbird, Bobcat, Aspen, Volare? Where, oh where, are they now?

In that same ten year period Volvo has been developing a single, remarkable new automobile: The 760 GLE.

As excited as we were about this car, we weren't about to introduce it until it was as close to perfect as

we could make it.

So prototypes were driven a total of three million kilometres through some of the most grueling conditions on earth. They hauled trailers over the Alps, plowed through snowbanks near the Arctic Circle, and ate dust in Australia. They endured five searing summers in the Nevada desert, frequently being driven 24 hours a day.

All this testing led to hundreds of design improvements. And after we'd made those improvements, we improved on the improvements.

What emerged from all

this is a car that's astonishing indeed.

The 760 GLE is more aerodynamically efficient than a Porsche 928, yet roomy enough for five adults.

It has traveled through a high-speed slalom course faster than a Jaguar or Audi.

It has a climate control system so advanced it can change the interior air five times a minute while the car is standing still.

The Volvo 760 GLE.

It took a long time to get here. But we wanted to make sure that, unlike so many cars, once it got here it stayed.

**THE VOLVO 760 GLE**  
The closest thing yet to a perfect car.

## COVER

June 30, 1983, and Dec. 31, 1986. People purchasing the stocks will be eligible for a tax credit of as much as 35 per cent of the value of the shares. In Quebec a similar plan has been in effect since 1979, when Finance Minister Jacques Parizeau added stock incentives. According to Montreal investment consultant Alan Case, the average Quebec investor has saved about \$2,000 a year in taxes due to the plan. Said Case, "I will consider taking advantage of the federal writ itself and I will be recommending it to my clients as well."

•A \$300-million infusion for some 100 industrial incentive programs offered by industry, Trade and Commerce to encourage investors to bring new projects on stream. A department official, however, said it was still unclear how many of the programs would be completed.

•An extra \$150 million over the next four years for the Export Development Corp., a Crown agency that assists Canadian companies in foreign markets.

The obvious question about the various funds, programs, incentives and tax credits is, who will pay for them? The answer: Canadian consumers—but not immediately. The bill will come on Oct. 1, 1984, when the federal government will introduce a three-pronged tax increase. The current nine-per-cent sales tax on most items will go to 10 per cent, the keep in liquor and tobacco from 12 to 15 per cent, and the five-per-cent consumption tax on miscellaneous items will move to six per cent. The new rates will remain in effect until Dec. 31, 1986, and will phase in over the time the new tax rates go into effect 18 months from now, they will most likely be lost in a host of price changes resulting from inflation, the state of the economy and the caprice of the marketplace. Most Canadians will never know what hit them.

Lalonde called last week's economic plan a "recovery budget." In the spirit of the naming upstairs, Lalonde sponsored his traditional postbudget press lunch. But last fall's serving of cold pizza and warm beer. Last week there were wine and cheese instead of paper napkins and

plates—and chicken breasts with vegetables. "As you see," said Lalonde, referring to the meal, "recovery is on the way."

But his gloomy economic projections are likely to dampen any celebrations. Canadians might have planned although the government expects 690,000 more people in the work force by the end of 1984, compared to December, 1982, the report in employment may have little impact on the 1.6 million already listed as out of work. Instead of taking on the unemployed when the economy improves, many businesses are likely to hire graduates fresh from school. Lalonde admitted that it was unpleasant to have to predict such a bleak job market. But he believed it would have been personally disclosed



Lalonde and Trudeau: a budget without sweet surprises or sticky sticks

and politically feed back to soothe Canadians with unrealistic projections. Still, his budget did offer lower-income Canadians a few breaks. The biggest was a doubling in the amount a parent can deduct from income tax against child care expenses. The deduction for one child was raised to \$2,000 from the current \$1,000, and the total family deduction to \$3,000 from \$4,000. For single working parents and families in which both parents work, this tax change will provide considerable relief. But the benefit will be of no use to welfare mothers or parents who cannot afford day care.

The second major tax change affecting

low-income Canadians was Lalonde's decision to increase the employment deduction on income tax returns to 30 per cent from the current 20 per cent. The measure will apply only to those earning less than \$6,700 a year—roughly four million taxpayers.

The last program directed at the lower end of the income scale was a commitment to inject an additional \$40 million into the government's claim renewal program (known as the Rent-Related Rehabilitation Assistance Program) and to build an additional \$250 million badly needed public housing units. Overall, however, those that do not have did not get much. Said Terrence Hanley, executive director of the Canadian Council on Social Development, "The bottom line is that it doesn't seem very much to a low-income Canadian."

The middle class did not fare much better. Lalonde insisted that the public had outgrown the 1970s view that the finance minister should turn into Santa Claus at budget time. "There has been a significant cultural change in the 1980s," said Lalonde. "I believe the middle class can be, and will be, brought back to our party strongly if they feel we are managing the whole economy well." In spite of the broad overview, the finance minister offered average Canadians a handful of small benefits.

•For those planning home renovations, an extra \$150 million has been added to the government's pool of grant money, with individual homeowners as high as \$3,000.

•For those hoping to buy a house, an extra \$50 million has been allocated for the "Temporary" (it is about to expire) Canadian Home Ownership Stimulus Plan, which will help buyers of new homes to \$3,000 grant. The new money should extend the program's life-span until the end of May. •For those with a Registered Home Ownership Savings Plan (RHOSP), the government offers two new options. One is to shelter as much as \$10,000 a year in a tax-exempt account. Under the old rules, contributions were limited to \$2,000 a year. The second alternative is a one-year rate change allowing RHOSP holders to withdraw unlimited tax-free funds in 1983 to buy

After investors, or those trading with an entry into the stock market, there is a promise that by fall the government will implement a new, still-unfunded security investment plan that would help protect earnings from inflation.

Lalonde sidestepped the contentious question of how fair the tax system is to the various income groups. His only comment was that now is the wrong time to tinker with a country that suffers fragile economic health. "What I wanted to avoid in this budget was shaking up the system," said Lalonde. Tax reform, he added, "will have to be done gradually—I don't see it happening this year or next."

Lalonde admitted that it would take time for the private sector to start working and that there would be a delay until the government's building program took hold. Accordingly, he injected an extra \$448 million into Employment Minister Lloyd Axworthy's make-work budget. Officials estimate that the money will create 40,000 to 50,000 short-term jobs.

While the budget contained something for almost everyone, it was clear that business was the big winner. The government has long recognized that it needs politics to have the business community on its side. For one thing, business has the most vocal and well-financed lobby groups in the country: the Canadian Chamber of Commerce, which speaks for 140,000 businesses; the Canadian Manufacturers' Association, with 4,000 members; and the Canadian Association of Manufacturers, with 4,000 members. Jack Ralbach's Canadian Federation of Independent Business, with 64,000 members; and the Business Council on National Issues, a select group of the nation's most powerful 150 chief executives, which is run by a former Trudeau aide. As well, most public opinion polls show that Canadians are looking to the private sector for jobs. As Lalonde put it in his budget, "The private sector is the economy's main engine of growth."

Sam Hughes, president of the Canadian Chamber of Commerce, has watched seven finance ministers come and go since he took over the country's largest business association in 1975. Lalonde was on the telephone to Hughes 25 minutes after he received his budget, swore in as finance minister. Since then Hughes's feelings about the forlorned Montrealer have changed from guarded to respectful to warm. Hughes recognized that Lalonde's friendly overtures to the business community were good politics as well as clear economics. He kept asking himself, "Is it all for show?" Hughes has not yet decided to check into Lalonde's last "fact," he concludes, "the budget got as long way home." ☐

## The candid camera leak

The last instruction television producer Ken Lawrence left with Tom Michalak when he sent the cameraman to Finance Minister Marc Lalonde's pre-budget photo session last week was to look for a different angle. The 30-year-old cameraman did—setting off an uproar in the House of Commons, a panic in the finance department and dozens of calls for Lalonde's resignation. Most remarkable of all, the photographer's sharp eyes and even sharper nose let him sniff out an embarrassing—forced Lalonde into an embarrassing 300-million revision in the government's spending plan just hours before the minister presented his budget. Although the leak went out of the room later, Michalak, a leaver who dresses in jeans and T-shirts, became a celebrity as "Puckett," the \$300-million man.

Information leaks, or alleged leaks, have become part of Ottawa's budget ritual. In 1978 there was an uproar in Parliament when The Toronto Star published reports of plans for a sales tax rebate in the Finance Minister Jean Chrétien's campaign. He budgeted it. In 1983 Walter Gowers, a former Trudeau aide, alleged that he had used the "bushy" experts to leak the budget. But never had a minister been so badly ripped through the budget in front of the cameras, asking with a grin, "Do you have any of these secrets?"

In any case, the traditional pre-budget photo shot is something of a charade. In that spirit, Lalonde picked up a document lying on his desk and said, "This is the budget speech in case you are interested." Michalak, who works for Hamilton television station CHCH, had moved behind Lalonde for an over-the-shoulder shot and focused on the budget typesetter. "He was being careless, and I capitalized on the fact, but I had no bad intention," said Michalak.

Later, as producer Lawrence crossed the videotape, he realized, "Holy smokes,

I can read this stuff." The freeze-frame of the French text clearly revealed that Lalonde was projecting a 1983-84 deficit of \$21.2 billion and a four-year job creation package worth \$4.4 billion.

Lalonde spent a sleepless night after the revelation on the evening news. As he knew, 60,000 copies of the budget were already on their way to 17 sites across the country under strictest security for release on budget night. "I was obviously fooled, falsified, shocked," he said later. "I felt like the deer had gone from under me."

When the House of Commons resumed sessions the next morning, the Tories were hanging for a showdown and called for Lalonde to resign. In Ottawa, if not elsewhere, the controversy raged all day. Late in the afternoon Lalonde went home for a nap, leaving Prime Minister Pierre Trudeau to hint at his intentions. A steady gun crossed the prime minister's face as he told Mrs. "Is it well-known that the minister of finance has been working on the budget for the past several months. He has been improving his budget all the time. He may have decided to continue improving it. We shall see."

At 8:50 p.m., when journalists were finally allowed their first look at the document, they discovered that the leaked figures related to the 1983-84 job creation package were off by 75 million. Before Lalonde's speech, word came of a one-page insert in the budget that increased the original figures by \$200 million. Later, he told reporters, "It is the fundamental right of the minister of finance to decide as the content of his budget right down to the last minute."

He added, "The whole trade of budget secrecy goes back to 1867, and I think it is being overdone by some." Lalonde said that he learned two lessons from the leak: "never to trust the press," and that some leaks are powerful devices, although in this case apparently not powerful enough to destroy a career. —Chris Clark in Ottawa



The Canadian Tax Foundation's Sherbenak (left); economist Klerman: tax-relief scales tipped heavily toward business

## Canada's tax system: is it fair?

By Linda McQuinn

The delight with which the minister's powerful entrée greeted Marc Lalonde's budget was hardly a surprise. Largely, the finance minister delivered what the business community sought. In so doing, Lalonde made a further statement for the first time since the 1980 election: that the government's tax system was not a decade ago by the Carter Royal Commission on Taxation. As well, the budget raised some old debates about the equity of the nation's tax system and the overall effectiveness of its breaks to business. "Lalonde is reversing the attempt by [former finance minister Allan] MacKinnon to come to grips with tax expenditures—by that read 'tax giveaways,'" said economist Eric Klerman, himself a former Trudeau aide and minister.

Any alteration in the tax system inevitably forces the government to balance competing interests of different groups of taxpayers, all of them seeking relief from their growing tax burden. But Lalonde's budget, intended to tip the scales toward business. Citing the recessionary climate, the minister said it was not the time to "shake up the system" with tax reform, "this year or next." According to finance department statistics, a series of new investment credits and provisions for debus-

ing losses unveiled last week will mean savings of an additional \$1.9 billion in taxes for business in the next two years. In that respect, the budget flies in the face of what tax reformers have been advocating since Carter—that instead of receiving further tax breaks, many high-income individuals and companies should pay more taxes. For one, the theory goes, because the system taxes salary income at roughly double the

**A 1979 study found that the rich got 100 times more benefit from tax breaks than those at the bottom of the scale**

rate that it taxes investment income. Thus, while the government's tax rate schedule indicates that tax rates rise progressively with income, that is by no means always the case. The tax regime governing investment, income—investors in government, parlance—combined with a host of other assumptions, allows many Canadians with high incomes to pay far less than the ordinary tax schedule would indicate (page 22).

Furthermore, while there are more than 100 tax breaks open to all Cana-

dian taxpayers, their benefits go overwhelmingly to the wealthy. Almost everyone gets some benefits from such houses as rental and dependent deductions. However, low-income Canadians pay a larger percentage of their earnings in taxes than do the wealthy. The disparity is profound—a 1979 study by Allan Marshall, an economist at Carleton University's School of Public Administration, indicated that the exemptions provide roughly 100 times greater benefit to those in the upper-income brackets than to those at the bottom end of the scale. The federal finance department acknowledged the situation in a little-known report, *Analysis of Federal Tax Expenditures for Individuals*, which was released in November, 1981. The study concluded that in 1979 the average taxpayer with an income between \$10,000 and \$15,000 saved \$775 or his income tax through tax deductions. That same year citizens with incomes greater than \$100,000 managed to shave \$45,000 from taxes. "What a even more striking," said the Finance report, "is that there were 756 individuals with incomes over \$100,000 who had no arranged their affairs that they paid as federal income tax in 1979." Comments Harvey Perry, an member of the Carter commission, "This sort of thing makes you wonder."

It made Allan Marshall act. In a daring move in the direction of major





PHOTOGRAPH BY JEFFREY M. HARRIS

## COVER

tax reform is his controversial 1981 budget, MacFechen proposed to eliminate concessions for, among other things, retirement savings plans and rental property owners. But after loud protests from the business community the government promptly bent a hairy retreat, and now Lalonde's budget has continued that course. One of the most visible signs last week was a new plan for individuals, the Indexed Security Investment Plan (ISIP). The scheme will provide tax reductions by indexing certain kinds of Canadian stocks to inflation. Lalonde estimated that his program could save taxpayers \$300 million a year after its start in October. What he did not point out, however, was that this saving will go almost entirely to the wealthiest. "They're the ones who buy and sell stock," says MacFechen. "That \$300 in flows is going to accrue mainly to the rich."

There are several reasons why the highest earners can benefit more than middle- and low-income groups. For one thing, some breaks, such as investment in oil-drilling funds, generally require several thousand dollars of investible capital. In addition, even the corporate deduction used by many Canadians—retirement and home-ownership savings and child care expenses—effectively are more valuable to higher-income earners. This is because the

higher the tax bracket, the higher the tax rate, and therefore the bigger the saving when deductions are applied against tax.

Corporate tax breaks over the years have meant that companies are shouldering less of the national tax burden. In 1950 corporations carried 36 per cent of the nation's tax burden, but by 1977 their portion was down to 12 per cent. The official corporate tax rate is now 44 per cent, but companies, particularly large ones, generally pay much less because of tax breaks.

The growth of corporate tax exemptions has opened new ways of looking at taxation. Many economists now maintain that the proliferation of tax incentives should not be viewed as an extraordinary exception but as actual government spending. In fact, they reason, giving a tax break is the equivalent of giving a grant. The notion of tax concessions as "tax expenditures" that should be treated in the same way as direct government spending was first developed by the United States Treasury in the 1930s. In 1978 the Conservative government of Prime Minister Joe Clark produced Canada's first

study. In particular, the report labelled as "grossly unfair" the system—then in effect—that allowed for tax-free capital gains. Carter proposed that capital gains be taxed at the same rate as other income, a notion that he popularized with the slogan **A DOLLAR IS A DOLLAR IS A DOLLAR**. While the Carter report was widely praised by Canadian and U.S. academics, its recommendations, particularly on capital gains, brought cries of outrage from upper-income Canadians and the business community. "We were promptly called radicals," recalls Perry, one of the six commissioners. Ironically, Perry was executive director of the Canadian Bankers' Association. Carter himself was a senior partner in the blue-chip Toronto accounting firm McDonald Currie & Co.

The report sparked one of the most intensive corporate lobbying campaigns in Canadian history. A barrage of letters to the government, public speeches and advertisements set tax reform on its ear. Within months of the report's release, the Pearson government announced that it would not enact proposals that would have altered the special tax treatment for the mining industry.

The government watered down the Carter recommendations further in its White Paper on taxation in 1980. Earmarking hearings in the Senate banking committee vividly illustrated the concerns of the community that conservative legislative legislation. Among them, the 28 senators on the committee held a total of 213 corporate directorships. In one episode, when Montreal lawyer Neil Phillips appeared on behalf of the Trustee development corporation, one of the senators whispering his words was not only a Trustee director and Phillips' law partner—he was his father, Senator Laurence Phillips.

In 1972 the government passed an estate plan version of the original reform package in its Tax Reform Act. The compromise was that capital gains would be taxed at half rates. But in a move that received relatively little attention in the country at large, the government at the same time abolished the estate tax, although neither the Carter commission nor the White Paper had called for such a move. That tax had been levied on large estates at death, indeed, it was the only federal tax on wealth (rather than income, and the dif-

ferences in wealth in Canada are more pronounced than the differences in income. According to Statistics Canada, in 1981 the top-earning 20 per cent of Canadians accounted for 43.5 per cent of incomes, while the bottom 20 per cent earned 4.3 per cent. But another study in 1977 showed that the top 20 per cent controlled 68.3 per cent of the wealth, while the bottom 20 per cent controlled less than one per cent. Critics argue that the removal of the estate tax was the end of the government's only mechanism for redistributing wealth in Canada. University of Toronto economist John Bosness says that the decision was the equivalent of a windfall transfer of approximately \$4.5 billion to the 300,000 Canadian wealthy enough to be taxed at death. Furthermore, Bosness argues that the removal of the tax provided almost no economic benefits to the country. "One would have to take considerable pains to come up with an incentive that would be as effective as the elimination of the tax on estates," he says. Bosness concludes that the net effect of the 1972 tax reform was to cut taxes on those in the very highest and very lowest brackets and place the burden squarely on the middle class.

Although MacFechen made his much maligned move on tax reform in November, 1981, he also softened the blow to the wealthy by reducing the top personal tax rate from approximately 68 per cent (depending on the province) to about 50 per cent—a move that was not mentioned in the target of whole hooped on the budget by the business and investment community. The Liberal government quickly retreated, and by last fall many of the key tax breaks had been restored. Even so, the top tax rate remains at the reduced level. The net result has been an overall improvement in the financial situations of some in the top income brackets.

The MacFechen budget and its aftermath also raised questions about the actual process of budget reform. The Carter commission's Perry notes that the dialogue on tax changes



PHOTOGRAPH BY JEFFREY M. HARRIS

MacFechen (top left), U of T's Fa Rosness (top right), Imperial Operation in Alberta: mining for breaks at profit



takes place almost exclusively within the business and financial communities—even though the issues affect everyone. Tax experts tend to represent clients with an interest in relaying favorable tax laws. Douglas Skarbak, director of the Canadian Tax Foundation, says that the questions are too complex for ordinary citizens. "I don't think the man on the street would have a lot to say about it."

When the Liberal government came under fire after the MacFechen budget, it established three outside committees composed of tax lawyers and accountants to review the changes. One MacFechen proposal would have eliminated a tax incentive that was designed to encourage corporate takeovers. According to McGill University economist Kenneth Macdonald, the government then set up a secret committee to examine the proposal. After further consideration the government decided not to eliminate the tax break. Even today the government will not reveal the membership of the committee.

The rationale for most tax breaks has traditionally been that they stimulate investment, thereby increasing production and creating jobs. So says Eric Owen, tax manager for the Canadian Manufacturers' Association. Owen disagrees with the thrust of the Carter reform proposals. "To equate income from employment with income from risk-taking doesn't seem right to me,"

he argues, "A back isn't a back."

Matrone says that the Lalonde budget, with its increased corporate tax measures, will have the effect of increasing cash flow for companies that have been badly hurt by the recession—a necessary precondition for future investment. But that will not necessarily lead to new investments in plants and equipment, he adds, since Canadian companies already have more facilities than they are using.

Traditionally, tax concessions have had the effect of helping large firms more than small. According to Statistics Canada, in 1979 small firms paid an average tax of 35.5 per cent, while large firms paid on average 18.5 per cent. Although many of the new Lalonde measures are geared to small business, Kierne says that large firms will still be able to lower their taxes more effectively than small ones.

One clear effect of the Lalonde budget will be to enable firms to defer or forgo payment of even more tax in the future. Currently, Canadian corporations hold about \$25 billion in deferred taxes, an amount roughly the same as the current federal deficit. In theory, these deferred taxes are "owed" to the government, but Kierne, like many economists, is convinced that the firms will never be paid. Canadian Pacific alone "owes" the government \$1.6 billion in deferred taxes. Kierne believes that the government should induce companies to start paying these taxes by charging interest. But he says that fellow ministers in the federal cabinet were shocked when he recommended the requirement plan in the late 1960s. "Chris, they think you are like the Uganda when you say something like this," told Kierne.

Inevitably, MacKasey's generous budget after business presented to reduce the growing deficit. When the finance department studied the question carefully, it concluded that the only feasible way to meet the goal would be to close some of the larger tax breaks.

One of the key features of tax breaks is that they are largely invisible. Fifteen years ago the Carter commission criticized the system and suggested that MacKasey's view was that the federal tax would be subject to wider public scrutiny—in the way employment or welfare benefits are. "The magnitude of the assistance given concealed from the public, and even from the government itself," says McGill's Matrone. With the new revenue plan, which says that benefits concentrated in the upper-income brackets, the poor and the middle class may feel that Carter's tutored plan for closer scrutiny makes even more sense today.

PHILIP D. ZIMMERMAN in Toronto

## At tax time, money talks

If the reality could do to that other reality—death—what they do to taxes, there would be some truly odd, rich people living in Canada. These men are a pain to everyone, but there are some who, aided by experts, manage to suffer a bit less. The three taxpayer "profiles" as shown demonstrate that tax avoidance depends on the source of income and its use—the larger it is, the more possibilities there are to reduce the annual bite. Costious and precise

for A and, to a lesser extent, B to further cut tax payments. That is not an option open to C, apart from a registered retirement savings plan—a scheme for deferring taxation until retirement on investment funds—he has little maneuvering room. Besides, after covering expenses it is unlikely that he will have much money to seek professional advice.

Both A and B, however, are involved in so-called tax shelters—firms, apart-

### TAX LIABILITY IN 1983

	taxpayer A \$200,000 dividend income	taxpayer B \$200,000 employment income	taxpayer C \$25,000 employment income
Employment income	—	\$20,000	\$2,500
Employment deduction— 1/2% of income or \$500	—	(\$500)	(\$500)
Net employment income	—	\$19,500	\$2,000
Taxable dividend income (200,000 x 1/2)	\$100,000	—	—
Net income (N)	\$100,000	\$19,500	\$2,000
Basic personal exemption Married or equivalent exemption	3,770	3,770	3,770
Two children wholly dependent—age 18 or over	3,390	3,390	3,390
Standard medical & charitable donations	2,680	2,680	2,680
Investment income deduction	800	100	100
Total deductions (TD)	10,630	8,770	8,770
Taxable income (NI minus TD)	\$89,370	\$10,730	\$1,230
Taxes (federal & provincial)	137,627	87,558	1,801
Dividend tax credit (Tax reduction—federal & provincial)	100,640	—	—
Taxes payable	\$36,987	\$87,558	\$1,801
Percentage of gross income	18.5%	43.8%	14.4%

A, B and C each has a dependent spouse and two dependent children. No other income or deductions.

men, the tax advantages available by MacKasey's view was that the federal tax would be subject to wider public scrutiny—in the way employment or welfare benefits are.

Nevertheless, the chart does show that taxpayer A, who earns \$200,000 annually from Canadian investment dividends, pays only fractionally more tax, on a percentage basis, than taxpayer C, a typical \$25,000-a-year salary earner. On the other hand, taxpayer B, with a \$200,000 salary, could lose almost half of his tax income.

In addition to concessions specified in the budget to firms, there are many ways

ment holdings or oil and gas exploration, for instance. Depending on available investment capital, they might even reduce their taxes to zero. A also has the option of selling a part of the portfolio, thus leading the money to a spouse, who could invest it again. The spouse would then pay tax at a lower rate on income generated from those investments. And, finally, A could even give up residence in Canada to live somewhere in the sun, where taxes are lower or nonexistent.

—KIMBERLY MILLER  
in Toronto

## Questions about Mackasey's finances

When in a conversation and hardworking member of Parliament ending of Verdon for 14 years, he saw his election in southern Ontario, and representatives of Les Ateliers Mackasey said that he subsequently defined an offer to sit on the board of Les Ateliers, but agreed to lobby for the company in Ottawa. He reportedly declined he was paid, he said that after all lobbying a part of an MP's job.

As for his \$200,000 stock profit, Mackasey said that he was the beneficiary of

received a lunch between his old friend Mackasey, who represented the Montreal ending of Verdon for 14 years, he saw his election in southern Ontario, and representatives of Les Ateliers Mackasey said that he subsequently defined an offer to sit on the board of Les Ateliers, but agreed to lobby for the company in Ottawa. He reportedly declined he was paid, he said that after all lobbying a part of an MP's job.

As for his \$200,000 stock profit, Mackasey said that he was the beneficiary of

Mackasey's \$400,000 stock portfolio—including speculative mining stock—most value in 1983, the bank became increasingly nervous. Officials contacted Mackasey, who is now going to Harrison—his personal accountant and manager of his blind trust when Mackasey was a minister. Harrison then decided to buy Mackasey's stocks, selling \$400,000 in an account set up by Les Ateliers to live as Ottawa lobbyist. Harrison had borrowed that money from the Bank of Montreal on the strength of his reputation as a former senior partner in the Toronto Royal Bank—and because the bank mistakenly believed Les Ateliers d'Orléans Hall Ltd. was simply the French name for an old and well-known Ottawa company. Hall Engineering Committee members were also stunned to learn that the bank has made no attempt to recover the \$400,000 loaned Harrison by filing a lawsuit foreclosing notice.

But perhaps the most surprising testimony of all came from Jens Laurier, an ardent 44-year-old Montreal engineer who presided over Les Ateliers' plans to buy Mackasey in early 1982. As president, says Laurier, he immediately questioned the previous owners, Harrison and Montreal lawyer Jean Bagnole, about the \$400,000 lobbying account. He also had forwarded to know the identity of the alleged Ottawa lobbyist. When Laurier got no answer, he testified, he queried the Bank of Montreal, which had issued the \$400,000 lobbying money to Harrison. Laurier told the committee that he was surprised when Pierre MacDonald, senior vice-president of the bank in Quebec, warned him: "The deal was very simple, it was stronger than you are, and you are going to get crushed."

On that sinister note, the committee scheduled a resumption of hearings for this week. Meanwhile, Bryce Mackasey has dismissed the hearing since Harrison revealed the deal two weeks ago. Instead, he has been telephoning his old reporters, promising to clear his name this week before the committee. To do that he will have to answer a series of very pointed questions.

—RUSAN REEDY in Ottawa



Laurier (right), on the brink of mortgageing his home

an exceptionally bad business deal by Harrison, that Les Ateliers, desperate for cash, in effect assumed responsibility for Mackasey's \$400,000 bank loan in return for his stocks, simply to obtain \$175,000 in liquid assets.

The parliamentary committee learned last week that the Harrison-Mackasey "sweetheart" deal, as Harrison described it, was part of a complicated attempt by the Bank of Montreal to recover some of Mackasey's mounting debt. According to bank officials, a



Blaikie, surprisingly frank and uncharacteristically humble about his abilities

## A proud man leaves the ring

When Conservative leadership contender Peter Blaikie withdrew from the race last week, he delivered a surprisingly frank analysis of his own abilities. He told supporters at his Montreal headquarters that he did not believe he had "sufficient grip of the complex issues" and explained that "a more extensive political apprenticeship was necessary for me before aspiring to such a position." Such humility was uncharacteristic for the self-assured 48-year-old bilingual lawyer and Rhodes scholar from Shawinigan. One incident, shortly after winning the party presidency in March, 1981, Blaikie charmed reporters who asked about his leadership aspirations for being impertinent and snipped, "I have aspirations to do all kinds of things." He went on to tout his own organizing experience in the federal riding of Lacrosse as the model for future party efforts in Quebec—despite two unsuccessful election campaigns as a Tory candidate.

Supporters interpreted Blaikie's sudden change of tone as an indirect sign of his longtime political rival, Brian Mulroney, the only other major contender who has never run for political office. As candidates and Tory MP Michael Wilks explained, self-servingly, Blaikie's disclaimer will "clearly mean people to question the knowledge of the merits of those candidates who are not from caucus." Ironically, Blaikie's move followed an independent Toronto poll that indicated that he might place fourth on the first ballot and as the second choice overall at the June leadership conven-

sion. His own campaign organizers speculated that Mulroney and Joe Clark would wage such a fierce fight that the way would be clear for their man as a strong third candidate. After Blaikie's withdrawal, some political analysts speculated that the entire exercise had been intentional. Blaikie would withdraw and define an estimated 100 Quebec delegates—the province is expected to control about 800 of a potential 2,000 votes—to Clark. The former Tory leader promptly telephoned Blaikie to lend his decision as "courageous."

Reactions from Blaikie's own campaign organization was less complimentary. His press attaché, Raymond Perreault, attributed Blaikie's reversal to a feeling of isolation. "It was more than depression," said Perreault. "He was disillusioned. He was let out." For his part, Blaikie said that he only wished he had reached his potential earlier.

Despite the strong feelings Blaikie generated, the Quebec wing of the party can ill afford to lose people with his kind of commitment. The party's on-duties committee has already ordered new delegate selection meetings in 1986 ridings and youth groups. The Conservative party's traditional weakness in Quebec has left it ripe for tactical recruitment of thousands of voting members at election time who then slip away. What is needed is change: the unhappy tradition, according to insiders, is grassroots bridge-building instead of the highly publicized political maneuverings that occur mainly at election time.

—LINDA DUBOIS in Toronto, with Anne Byrne in Montreal

## A heated debate in Saskatchewan

The debate over sex education has raged across the nation for years. Now, the Conservative government of Saskatchewan has plunged into a controversy that pits a pro-life organization against Planned Parenthood. The source of the dispute is a \$60,000 program aimed at providing high school students that sexual abstinence is the best means of preventing pregnancy. Pressure for the funding came from the Saskatchewan Pro-Life Association, which was convinced that sex education programs promoted promiscuity. Said Pro-Life President David Brodeur: "The statistics don't lie. It is clear that sexual education programs have a radical influence on the number of premarital pregnancies."

The campaign to promote abstinence as part of a "sexual responsibility" program took hold in a province with the second-highest teenage pregnancy rate among the provinces. (Alberta's rate is marginally higher.) According to public health statistics, fully 86 out of 1,000 Saskatchewan girls between the ages of 15 and 19 will become pregnant (compared to 68.5 in Alberta). The statistics convinced the Pro-Life Association, an umbrella group of 16 organizations, that the sex education program already offered by Planned Parenthood—including instruction on oral contraceptives—was not working. The pro-lifers argued that, instead of teaching about contraceptives, the only sure way to avoid pregnancy was to promote restraint.

The Saskatchewan program, which will be available for the fall term, is modelled on one offered to Calgary high

schools: the statistics do not lie.



# let's get behind Canada 1!



## Limited Edition Prints

### Canada 1 - Canada's America's Cup Challenger

Captain Morgan Rum has commissioned a series of five exciting photographic prints of Canada 1. Each month a new photograph will be selected and published which will visually and dramatically update the progress of Canada 1 as she undergoes trials and fire during Canada 1's first challenge for the America's Cup in over 100 years.

Captain Morgan Rum invites you to share in the excitement and join them in supporting Canada 1. The quality prints that you can order will measure approximately 16" x 20" and are expected to become a collector's series. The illustration above shows the first print published. To avoid disappointment you should order yours now, using the prepaid order card in this magazine. Single prints cost \$7.00, the complete series of 5 prints, \$36.00. Prices include postage and handling. Net proceeds will be donated to the CANADA 1 challenge.



We're proud to support  
the CANADA 1 challenge.  
We hope you will too.

**Captain Morgan**  
RUM





WORLD

## Central American dilemmas

By Michael Posner

The Reagan administration is headed toward a critical and perhaps decisive turning point in Central America. The civil war in El Salvador is going badly, with government forces unable to defeat leftist guerrillas. Senior officials now claim there is a clear prospect that the government will lose unless the U.S. commitment of money and advisers is dramatically stepped up. Allen from Caspado to Venezuela are urging Washington to arrange a ceasefire and negotiate with the rebels. The congressional critics are preparing to rest military aid—a move, officials say, that will threaten El Salvador's ability to maintain even the current military stalemate.

At the same time, there is mounting opposition to the president's

policy in Nicaragua. It is an open secret that various Henderson-based groups, all silent on overthrowing the Sandinista regime, are receiving Central Intelligence Agency support. Some observers claim that the administration's covert tactics contravene U.S. law—the 1982 Boland amendment,

which expressly prohibits direct U.S. efforts to topple the Nicaraguan government. But the language of the Boland amendment is loose enough to let the administration off the hook. "We are not doing anything to try and overthrow them," the president insisted at a news conference two weeks ago. "We're simply trying to inter-

cept the supply lines to the guerrillas in El Salvador." However, the anti-Sandinista forces—former soldiers of the Somoza regime, Mosquito Indians and disaffected Sandinistas—loudly proclaim that their real objective is to assist the ruling junta in Managua.

Several congressmen have pledged to tighten the Boland amendment either by cutting funds to counterrevolutionaries, whose armed aim is subversive, or by cutting funds to all paramilitary forces in the troubled region. In the absence of

such funds, some fear that the Honduran-Nicaraguan border claims could escalate, with the Sandinistas supplying Cuba for help and the United States dragged into a full-scale military conflict. Sen. Democratic Senator Chafee, a stern critic of the administration's Central American policies, "I frankly don't think Congress would be willing to support the injection of U.S. troops." Chafee contends that Washington's present approach makes such a scenario more likely, provoking Nicaragua into a war that could reduce the entire area.

Dodd's views still represent minority opinion in Washington. But even among the congressional majority, support for the administration's strategy is cautiously given. To indicate it, the president this week will make a rare appearance before a joint session of Congress. In his prime-time address he will not argue that his policies are working, instead, he will stress the dangers to U.S. interests and security if they are allowed to fail. Invoking the familiar domino theory, officials theorize that the collapse of the U.S.-backed government in El Salvador would lead inevitably to revolution throughout Central America, ultimately threatening even Mexico. Communist control of the region, they claim, would impact U.S. access to the Panama Canal, a principal trading route. It would also force the diversion of U.S. military aid from Europe's defense to the Rio Grande, thus weakening the NATO alliance. But the immediate battle is aid. A House foreign affairs committee last week voted to slash \$60 million from the White House request for \$193 million to prop up the San Salvador regime. Late last week, for instance, the Pentagon used previously authorized money to fly clips of M-16 rifle ammunition directly to El Salvador instead of using it for aircraft support parts as previously intended.

Realism and senior officials last week. "If history is written, God forbid, that Central America has gone Communist and Mexico is flooded with refugees, they're not going to say that Ronald Reagan didn't do his level best to prevent it." In that case, the CIA this week is leading a group of House intelligence committee members on a guided tour of the Honduras-Nicaraguan border. The committee is leaning toward a resolution to cut the CIA's links with the nighttides. The tour, and the president's speech, are aimed at swerving this action. Meanwhile, Republicans last week reported to Brazil's interception of four arms-laden Libyan aircraft bound for Nicaragua as probable evidence of Soviet weapons destined for the insurgents in El Salvador that Managua and they were to be used for self-defense and U.S. ad-

ministrative sources acknowledge that most of the Salvadoran guerrillas' weapons are captured or bought on the black market.

Overall, the administration's plan remains based on decisions taken by the National Security Council a year ago. As reported by *The Atlantic* News Times, the plan called for covert efforts to banish the Nicaraguan regime, to divide the various factions that make up the Farabundo Martí Liberation Front (FMLN) in El Salvador and to thwart suspected congressional moves to the future aid to El Salvador to

El Salvador and an unspecified number of Honduran if the Honduran withdrew their estimated 3,500 advisers from Nicaragua. As well, the Salvadoran government would agree to talks with the guerrillas if Managua consented to similar negotiations with its own opposition.

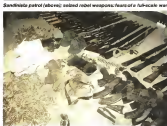
But the proposal has made little headway. At the very least, Washington wants some Nicaraguan concessions—a move toward elections, for example—in return for a dialogue with the leftists in El Salvador. Without that sort of trade-off, a decision to begin talks with the Sandinistas 1983 is perceived, in the White House at least, as a form of surrender.

The Reaganites regard the crisis in El Salvador as simply the latest chapter of Nicaragua's long-term old revolution and, as such, a vital test of Washington's willingness to wield power. "Nicaragua confronts us with the stark question of whether we are determined to resist efforts by Marxist-Leninists to conquer other countries by force," insisted U.S. Ambassador Jesse Kirkpatrick, the intellectual spearhead of U.S. policy. But administration attempts to back assertions that Managua has aggressive intentions frequently misfire. Last week Reagan confirmed categorically that all Palestinian Liberation Organization plots were in Nicaragua. But the state department was forced to backtrack after it was revealed that Managua only possesses eight weapons, all of Korean War vintage.

Indeed, the Reagan administration's hard line seems to have trapped it in a classic "cannot win, refuse to lose" situation. A New York Times dispatch from Washington last week quoted senior officials as suggesting that it might take another seven years to create a small but neutral political force in El Salvador and to show marked improvement in curbing human rights abuses. Given the current stalemate, that assessment is probably as honest as it is blunt. Washington, profoundly hopes that the new defense secretary, Gen. Charles Vance Casper, can reform the army, eliminate corruption and, most of all, prosecute the war more effectively (page 38). At the same time, the reported sounds last week of a possible Casper-Carpio, Mexico's leader of the hard-line Popular Liberation Forces, may change the balance of power on the left. Casper was known to oppose any dialogue with established authorities, without him, other FMLN elements may agree to negotiate a settlement of the conflict. But this, too, is mere wish. The expectation As Reagan prepared to take his case to the public, his challenge is awesome. The outlook for the administration is anything but encouraging. □



Shirley (right) in Mexico City; Reagan (left)



Sandinista patrol (above) seized rebel weapons; fear of a full-scale war



New Defence Minister Casanova: a reluctant appointee leading an ineffectual army

EL SALVADOR

## A new leader for the troops

One of the most well-thumbed books in the office of Gen. Carlos Salgado Vides Casanova, former commander of El Salvador's National Guard, is a yellowing copy of Mao Tse-tung's essays on guerrilla warfare. Although he is hardly a revolutionary, Vides Casanova underlined a single passage. It urges guerrillas to patiently wait for internal divisions and faltering morale to ease the enemy army to fall apart. That message injunction gained significance last week with Vides Casanova's appointment as defence minister following the resignation of his predecessor, José Guillermo Guzmán, after months of growing doubts and attacks from within the military establishment.

García had presided over the Salvadoran army's increasingly ineffectual attempts to crush the country's left-wing guerrillas for almost four years. The sole survivor of the junta that seized power in 1979, García until recently enjoyed the backing of the United States because he supported Washington's desire for social and political change, particularly land reform, in El Salvador. But there was growing, and increasingly public, U.S. frustration at García's failure to introduce suc-

cessful guerrilla tactics advocated by the Pentagon's 50-odd Salvador-based advisers and at his tolerance of rampant corruption within the Salvadoran armed forces. Not only that, but the guerrillas have carried out a series of spectacular actions this year, seizing towns and villages and severely damaging the country's infrastructure. In January the army commander in the province of Cabañas, Col. Sigfredo Ochoa Peña, rebelled against García's conduct of the war. Recently the air force commander, Col. Juan Rafael Batistola, threatened to mutiny if García remained in power. Five days later Salvadoran President Álvaro Magaña bowed to Batistola's threat and surrendered the defence minister's resignation.

The background of the man who now has the task of holding the army's divisions and implementing Washington's strategy against the guerrillas is replete with contradictions. A tall, handsome 46-year-old, Vides Casanova is a government spokesman with a strong sense of personal honour. But as commander of the 5,000-man National Guard since October, 1979, he presided over a unit whose human rights record is one of the worst in El Salvador's bloody history. It was the National Guard that carried

out the brutal murder of four American churchwomen in 1980. Most observers do not hold Vides Casanova personally responsible for the guard's brutal record. His chief concern as National Guard commander was to improve food rations and supplies of equipment. But critics see his attitude to human rights as unduly fatalistic. In a recent reference to the subject, he said, "Perfection would be ideal, but it's tough to reach that."

He will find his task at the defence ministry just as difficult. For one thing Vides Casanova is a reluctant appointee. For months he brushed aside requests that he take over because, some observers say, he intends to run for the presidency in next December's elections. (Last week former president José Napoleón Duarte became the first candidate after he was nominated by his Christian Democratic Party, the country's largest.) Other Salvadoran experts claim that he simply did not want the responsibility.

There is no doubt that Vides Casanova's current task is daunting. The army's officer corps is divided between older men like Vides Casanova and younger field commanders in elite battalions trained by U.S. advisers. Vides Casanova and his colleagues have very close alignment with U.S. policies for political and military success. Washington, however, may find him a lukewarm supporter of U.S. military tactics to defeat the guerrillas: the use of small groups, instead of large-scale operations, to take the war to the guerrillas. Said Vides Casanova: "When they speak of small groups, they are thinking of the Green Berets. When our troops go on small parties, one soldier sees a girl and falls in love. Another has a few beers and gets drunk."

At his final news conference as defence minister, García vowed that El Salvador would win the war this year. Certainly the guerrillas, too, have their problems. The Nicaraguan authorities revealed last week that the legendary commander Salvador Cayetano Carias, head of the Salvadoran guerrillas' Popular Liberation Forces (PLF) wing, had committed suicide on learning of the slaying earlier this month of Milán Amador Montiel, his second-in-command and right-hand man, during a struggle for power within the PLF. But even as the news broke Salvadoran guerrillas ambushed a troop transport, killing at least 18 soldiers and wounding many others during an ambush of U.S.-backed troops in the province of Chalatenango. It was not the kind of outcome that the regime now needs. U.S. military advisers could only hope that the risk was simply García's own sin.

—CLIFFORD KRAUS in Mexico City

## THE SOVIET UNION

### A stellar triumph turns into a flop

The relief was all too evident on the faces of the Soviet Union's dear leaders. As they sat on the dais at the Kremlin banquet during last week's ceremonies to mark the 13th anniversary of the birth of Lenin, they reacted with word that three cosmonauts had safely returned to Earth after a disastrous space mission. Defence Minister Dmitry Ustinov broke into a broad grin and clapped the table. His relief was shared by Gen. Leonid Brezhnev who had spent 17 fruitless hours trying to win a badly wobbling Soyuz T-6 spacecraft into a proper link-up with the orbiting space station Salyut-7. The atmosphere at mission control near Moscow had been, according to one report, "extremely tense," and at one point it was evident that ground controllers were in danger of losing the ship.

Soviet media reports gave few details about what went wrong with the mission, which apparently had been intended to enlarge the Salyut-7 complex into the biggest Soviet space structure yet as part of Moscow's long-term plan to build a mission-station, permanently manned research station. But it was known that small steering rockets, which are used to position the Soyuz T-6, failed to work properly. That meant that the three cosmonauts—Vladimir Titov, Genadiy Strekalov and Alexander Serebrennikov—were unable to lock onto the space station's dock. There were alarms that the faulty rockets were jeopardizing the ship's safe re-entry into the Earth's atmosphere and imperiling the lives of the cosmonauts.

The aborted mission, which had been intended to serve as a triumphant conclusion to the Lenin centenary celebrations, has renewed debate among Soviet scientists about the direction of the nation's space program. Problems with direction rockets have plagued space missions since the 1960s. Soviet ground officials are said to be considering whether to launch a replacement mission in a few weeks' time or to freeze the whole program while last week's failure is thoroughly analysed. As well, it is believed that there is a strong lobby among scientists which advocates concentrating on advanced interplanetary missions instead of continuing with manned orbital flights. But either way, last week's debacle underlined fundamental technical problems in the Soviet space program and suggested that major long-term changes will be necessary to keep the Soviets in space. □

The French call their finest brandy Cognac.

The Greeks call theirs METAXA



METAXA IS AN AUTHENTICALLY GREEK SPIRIT (1940 WORLD FIFTH PLACE)

For your next party or special occasion, write to: Metaxa Canada Inc., 222 Denison St., New York 100, Montreal, Quebec, H5A 1R1. Metaxa is a registered trademark of Metaxa Canada Inc.

# Old wave. New wave.



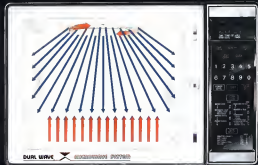
Simulated microwave pattern as it enters most of the popular microwaves on the market.

Bringing the waves into a microwave oven from the top may not seem like a big deal.

In fact, it's a major technological breakthrough, because for all its benefits, cooking with microwaves has always had one inherent problem, uneven wave distribution, which meant uneven cooking.

You see, there is very little heat conducted in microwave cooking. The waves that enter the oven are what cook the food. If they miss a spot, that spot doesn't cook.

Which is why microwave manufacturers have added stirrers and antennae to redirect the waves. Some have even resorted to space-stealing, expensive turntables to move the food instead of the waves.



The new Dual Wave Microwave System. Top entry, bottom entry plus a rotating antenna.

And that's where the Dual Wave moves light years ahead. With a top entry, a bottom entry, plus a rotating antenna, the Dual Wave achieves an evenness of cooking we don't think anyone can beat.

It took almost \$20 million dollars of research to develop the new Dual Wave, and it's being sold on both General Electric and Hotpoint brands.

So look for Dual Wave when you decide to add a microwave to your life. It's the new wave in microwave cooking.



Available on both

GENERAL



ELECTRIC



Hotpoint

Dual Wave Microwave System, Hotpoint and General Electric, are registered trademarks of the General Electric Company. CAMCO is a registered trademark.

## An explosion of resentment

As he was changing clothes for his lunch-hour jog last week, the U.S. ambassador in Lebanon, Robert Dillon, saw a flash of light and heard a thundering roar. "All of a sudden my office collapsed around me," the white-haired diplomat recounted. A massive bomb had exploded at the American-leased embassy in Beirut, and the resulting shock wave felled the building's front section like a house of cards. Dillon, whose office was on the top floor, escaped with only minor injuries. Others were not so lucky. At least 42 embassy employees died in the blast, while scores of others were injured. According to official U.S. reports from Beirut, at least half the American dead were employees of the Central Intelligence Agency. Throughout the week residents dug in the rubble for the bodies of at least 20 more victims—visitors, visa applicants and guests—by caught in the blast. Lapsed one local resident, "Durrani is to Beirut what looking is to Zurich."

The attack was the most serious incident in Lebanon since the end of last year's Israeli invasion and prompted a general tightening of security at Western missions. A pro-Israeli Lebanese fundamentalist organization admitted responsibility for the blast, but it was unclear how the conspirators managed to penetrate embassy security to such an extent. "Durrani is to Beirut what looking is to Zurich."

The attack was the most serious incident in Lebanon since the end of last year's Israeli invasion and prompted a general tightening of security at Western missions. A pro-Israeli Lebanese fundamentalist organization admitted responsibility for the blast, but it was unclear how the conspirators managed to penetrate embassy security to such an extent. "Durrani is to Beirut what looking is to Zurich."

embassy at the time of the blast. While U.S. officials discounted this theory, it remains consistent with growing disillusionment in the Arab world over Washington's apparent inability to influence Israel in the Middle East peace process. In a letter, many Arabs laid part of the blame for the embassy attack on President Ronald Reagan and the traditional U.S. support for Israel.



Marine guarding embassy's bombing with damaged aftermath.

To calm Arab fears, Reagan reaffirmed his administration's commitment to the peacekeeping force in Lebanon. But Reagan "I am determined now, more than ever, to ensure that we do whatever is necessary to make Lebanon a free and safe country again." To that end, Secretary of State George Shultz set off for the Middle East last weekend on his first visit to the area since his term began two months ago.

Little is known about the fundamentalist organization behind the bombing, which calls itself the Islamic Jihad

group. The group is made up of Shi'a Muslim Lebanese loyal to Iran's Ayatollah Khomeini. The same group has claimed responsibility for a series of grenade and machine-gun attacks on members of the international peacekeeping force in Lebanon. Western diplomats are convinced that the movement receives funding and weaponry from Iran and Syria and could be acting on behalf of their patrons. Iran denies this. But a U.S. diplomat issued shortly after the bombing, the movement echoed a Tehran television denunciation of the U.S. presence in Lebanon and declared: "We shall keep striking at any imperialist presence in Lebanon."

For the Geneva regime, the bombing had damaging aftermaths. Lebanese police are on routine security duty at all embassy compounds. Their agreement (above) to stop the attack on the embassy renewed doubts about the ability of the country's Christian minority to maintain order. Indeed, the Islamic Jihad organization is said to operate unhindered in the town of Baalbek, 35 km east of Beirut, where its office is close to the headquarters of the 300 Iranian Revolutionary Guards sent to Lebanon by Ayatollah Khomeini as a gesture of solidarity during last year's Israeli invasion. Foreign Minister Elie Soler explained that as long as there are foreign troops in Lebanon, his government could not guarantee security.

Still, both Lebanese and U.S. officials remain optimistic about peace in the region. Underlying U.S. resolve, Draper later attended a meeting on the withdrawal of Israeli troops from Lebanon. Commented Ambassador Dillon: "I don't think we should let a tragedy like this deter our efforts. We will support that government and remain committed to helping it restore its authority." But even if agreement is reached on withdrawal, doubts about Lebanese security will remain. In a nation where the real power is divided among disparate political and religious groups, the prospect for harmony remains clouded.

—Steve Wessner  
in Beirut

## THE UNITED STATES

### Unhealthy times for the jobless

The Reagan administration's efforts over signs of recovery in the U.S. economy was tempered last week by growing pressure to aid the millions of the United States' unemployed in their decision—in particular, some 10.7 million unemployed workers and their families who have run out of medical benefits. Unlike Canada, where the national program continues to cover people out of work, in the United States most workers are covered by private, job-related group plans. In Washington proposals to cope with the medical plight of the unemployed are under consideration in Congress. But apart from an evident unwillingness to spend any federal money on health subsidies, the administration has yet to develop any clear policy—although the number of unemployed without benefits is likely to grow.

One plan briefly advanced by Budget Director David Stockman called for taxing unemployment benefits themselves to fund expanded health care. That was abandoned after a storm of protests. More recently, Stockman suggested that a combination of increased payroll taxes and voluntary corporate health might work. But the Reagan cabinet's own Council on Economic Affairs dismissed that proposal. The newly appointed secretary of health and human services, Margaret Heckler, has sought the president's support for Republican-sponsored bills to provide between \$500 million and \$1 billion for unemployed health care. However, the administration has committed itself only to consider new programs if they are short-term. "That even Stockman knew how we're going to come out of this," said Office of Management and Budget (OMB) spokesman Ed Dale.

Congress is less befuddled, and it is determined to act soon. Despite the huge \$300-billion (U.S.) 1980 budget deficit, health benefits for the unemployed enjoy strong bipartisan support. "I am not prepared to wait very long for the administration to make up its mind," said Pennsylvania Republican Senator John Heinz. Unemployment in the state has reached a sobering 13.6%, and House and Senate Republican colleagues, Arlen Specter, are cosponsoring a \$5-billion program of health benefits for the unemployed through 1986. Republican Senator Robert Dole of Kansas has introduced a similar, shorter-term program. Several Senate Democrats have proposed bills that would require employers to finance

## YOUR COMPUTER FROM THE STORE CALLED RADIO SHACK

# Come in and meet the family

The computer experts at Radio Shack know all businesses are not alike. That's why they invite you to meet the complete TRS-80 family of computers.



If you own a simple home business, or manage a department in a large company, you should meet the TRS-80 computer in only today.

Your local Radio Shack Computer Center offers you one-stop shopping convenience. It's the place to see the complete TRS-80 line of computer accessories and business software and services.

Recover systems from \$4,000. Affordable prices are only the beginning. Our computer experts will tailor a cost-effective business system to your data and word processing requirements. Choose from our library of prompt sessions software and discover the time-saving features of Prof for electronic filing, AC/RTM word processing, and VisiCalc financial planning.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Meet the family today!

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

system to your data and word processing requirements. Choose from our library of prompt sessions software and discover the time-saving features of Prof for electronic filing, AC/RTM word processing, and VisiCalc financial planning.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Meet the family today!

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.

Radio Shack is your complete computer company. We also offer you total customer support, including full service, training and technical assistance. It's why we're the premier microcomputer family.



Cancel the white page for the Radio Shack store or Computer Center nearest you.



six months' health coverage for laid-off staff. Most benefits now expire within 90 days.

Not surprisingly, labor spokesmen regard such proposals as a belated and inadequate response to a long-ignored problem. Research by the Labor's AFL-CIO indicates that 80 million Americans have joined the 40 million who were without health care benefits when Reagan took office in 1981. U.S. unemployment is projected in his close to 10 per cent throughout 1984. Estimates by the Congressional Budget Office suggest that in 20 months another 11 million people will have fallen through the so-called health "safety net"—leaving them exposed to virtual destitution in case of serious sickness or illness. Daily U.S. hospital bills typically run to \$100, and a routine appendectomy can cost more than \$1,000.

Efforts to deal with the problem through voluntary action—a key Reagan theme—have met with limited success and some protestful indifference. In St. Paul, Minn. (a city in which 85,000 of 218,000 unemployed have now exhausted their medical coverage), volunteer doctors and hospital personnel are treating 30 patients without charge once a week in a pilot program sponsored by the United Way in Detroit, where 2,500 doctors were asked to take part in a similar scheme, fewer than 400 volunteered their time.

Similar limitations face municipal hospitals and the Medicaid program, each of which are up for horse race of the battles of trimming the overburdened. In regions where local economies have been hardest hit, municipal health care programs are reeling from a decline in tax revenues, Medicaid cuts and uninsured patients. Medicaid is now restricted mainly to the aged, parents with dependent children, jobless workers with savings and more than one car; generally cannot qualify. In New York, Medicaid is one of the more generous states, Medicaid is limited to families earning well under \$10,000. Most state ceilings are far lower still.

For now, the Reagan administration seems more concerned with ridding its runaway budget than grappling with a potentially still new program. The health question on the unemployed, says Dale, continues to be "extremely tough." But, he added, "The White House's main concern is to keep any aid package limited in both scope and duration." Even if the administration does go with the Dale bill, says Dale, "it would have to be temporary. The question is ending." If the administration sticks to that stance when Budget Director Stockman tumbles on health policy before the Senate this week, some anxious and angry senators may well ask him to "sell it to Detroit." ♦



Walesis meeting Warsaw journalists' concerns about providing an immediate clash

#### POLAND

## Heading back to the brink?

**I**t was a guess of bluff and double bluff. But the confrontational rhetoric of Poland's dissent groups and the government of Gen. Wojciech Jaruzelski last week seemed to be edging the country closer to a new period of strife. On his side, former Solidarity trade union leader Lech Walesa accused the government of assassinating a not opening a dialogue with opponents of the regime. Charged with this: "The authorities have done nothing to co-ordinate their stand with me as a representative of Solidarity. If things continue along this road, I shall have to change my method of operation." In reply, the government newspaper, *Iskra*, responded, "washed that dissident-planned demonstrations at May Day celebrations would prove that 'the opposition is bent on conspiring peace'."

But if both sides were heading up the war of words, they also seemed to be edging not to provoke an immediate clash. As Walesa was traveling to ceremonies marking the 40th anniversary of the Warsaw Ghetto uprising, police detained him for questioning. The next day they took him in again. But each time they released him without laying charges, and the measures seemed more designed to prevent him from carrying on his avowed plea to meet with the Solidarity underground than to prepare the ground for serious charges. In fact, government officials granted Walesa's long-standing request to return to his old job as an electrician in the Gdansk shipyards. Throughout, Solidarity supporters acted with restraint. At an unofficial memorial for the Warsaw Ghetto, a crowd of 1,000 demonstrators broke up peacefully after police politely

asked them to disperse. Reflected Walesa: "I want to achieve all I can along the road of peaceful negotiations." Still, there are signs that Dols are collected by the resumption of protest. During last week's inauguration of Gdansk's new bishop, Tadeusz Gdula, 40,000 cheered both Walesa and the Polish primate, Jozef Cardinal Glemp, chanting, "No liberty without Solidarity." Not only that, but the only surviving leader of the Warsaw Ghetto uprising living in Poland, Dr. Marek Edelman, called for a boycott of last week's program of official ceremonies.

The authorities have also continued to curtail Solidarity's shadowy network. The government media last week detailed the arrests of at least 26 underground activists, including Jerzy Jastrzebski, a co-ordinator of the clandestine Radio Solidarity, as well as the seizure of 20 secret radio transmitters and several printing presses. And former Solidarity spokesman Janusz Grynkiwicz was taken into custody by three policemen after addressing the Warsaw demonstrations.

The Jaruzelski regime's strongest card may be its power to cancel the upcoming visit by Pope John Paul II in June. The official news agency PAP charged that next week's unofficial May Day rallies are aimed at "undermining the conditions necessary for the visit of the Pope." But even that threat may be enough to silence the protests. At last week's Warsaw Ghetto demonstration, an anti-Soviet hymn was sung. That echo of the recent stormy past was a warning that the country's simmering mood could explode at any time.

—SUE MASTERSMAN in Warsaw

#### THAILAND

## A slim victory for democracy

**T**hroughout Thailand's four-week election campaign, the race was billed as a national contest between parliamentary democracy and authoritarian military rule. When the results were reported last week, democracy seemed to have won—at least on paper. But as the victorious parties jockeyed for cabinet posts in a coalition government, their leaders were looking over their shoulders to ensure that they did nothing to offend the military.

Election day was the end to weeks of chaos. In March parliament narrowly adopted a new constitution in the teeth of armed forces opposition, drastically curtailing the role of the military in politics. His move provision ended the tradition of serving officers playing a major role in government, frequently as prime minister. But within days the prime minister, Gen. Prem Tinsulanonda, dissolved parliament by royal decree—more than two months ahead of schedule. And troops, not government officials, distributed the election ballots. Even against the military had played a classic dirty trick.

In fact, the dissolution was a compromise. Some army leaders had wanted to stage a coup. But they ran into opposition from the naval and air force commanders and two senior army colleagues. Thai Supreme Commander Gen. Sanyut Kerdpol and southern region commander Gen. Harn Laksane.

The election results seem to favor the military's opponents. Wald's group has a mere majority in the 500-seat body, the Social Action Party of Kruat Prasit, a former premier and noted army antagonist, was on top with 38 per cent. The pro-army Prachakorn Thai last general election, finished fourth behind Chart Thai, the party of big business, and the anti-military Democrat Party.

The cabinet lineup, however, is unlikely to reflect the popular vote. Both Kruat and Democrat Party leader Thaksin Rattakul were quick to renounce the premiership in favor of the incumbent Prem. Indeed, the most likely composition of the coalition involves Chart Thai, the right-wing Prachakorn Thai and representatives of a host of smaller parties rather than all of the top tier parties. Such kind of government would be politically less stable and would lack the desired wishes of the electorate. But it would please the military and keep them in their barracks.

—PAUL QUINN-JONES in Bangkok



*Aspirit*

**THE SIGNATURE OF SUCCESS**  
MILITARY SUITS, SPORTSMEN'S AND SLACKS

# Lack of faith in the Trust Affair

By James Fleming

Ontario's Great Trust Affair rejected some drama last week after being mired for three months in lawyerly court proceedings. With a flourish of political rhetoric, Robert Elgie, Ontario's minister of consumer and commercial relations, delivered a scorching summary of alleged misdeeds by the three trust firms sued by the government on Jan. 7. Quoting from a slush of previously unclassified investi-

government's actions, Elgie's statements sparked renewed charges of incompetence from the opposition. What is more, the minister's scathing allegations brought heated denials from key actors in the drama, Leonard Rosenberg and Andrew Markie.

Last last week attempts to assess the merits of the government's bold moves had been hampered because most of the documents that prompted the takeover were wrapped in secrecy. But on Tuesday Elgie made public three interim re-

Mackenzie's Rosenberg declared: "Not only did he [Morrison] not know the answers but he did not have the requisite information. What did he do? The only thing he could do was guess, and he guessed wrong."

Still, the harshest allegations against Rosenberg and other participants in the affair were contained in several other documents culled last week from Elgie's special adviser Jack Bidwell and from Truette Russ Ltd., the accounting firm that was appointed manager of Greyson and Seaway Trust following their seizure. This heavy hand of government struck both those companies, as well as Crown Trust, after they advanced third mortgages totalling \$452 million to complete the controversial apartment unit sale. In that deal the property was first bought by Greyson Trust from Capital Farmers for \$675 million. There, in a complex deal, the units were bought by Bill Hayer, owner of Kilders Investments, for \$502 million and resold to Avalonwest for \$600 million.

After months of probing the government finally produced some severe condemnations of the companies' operations. Several of the allegations were made in an affidavit submitted by Bidwell to the Grand Court of the Cayman Islands. It was filed as part of the Ontario government's bid to recover the \$105 million paid by the Amv purchase of the apartments. When Hayer revealed on Jan. 27, was an deposit in an undisclosed Cayman bank. In his affidavit Bidwell alleged that "the Ciflac transaction was just one of a number of similar transactions" that appeared to show a "systematic transfer" of the monies of Greyson, Seaway and Crown Trust. With the aid of Bidwell's affidavit, Ontario obtained an injunction last week freezing all proceeds from the controversial apartment sale in Cayman Island banks and turning them over to the control of a court-appointed receiver.

A similar barrage of allegations was made in two Toronto Star reports on the affairs of the Greyson and Seaway trust companies. Toronto Star investigators allege that Greyson is \$52 mil-

lion in debt, Seaway is \$45 million in the red and the companies have no borrowing base as a result. Delving extensively as these reports in his speech to the legislature, Elgie launched a devastating offensive against the credibility of the second companies and their owners. The underlying theme in the documents—that the firms had engaged in questionable mortgage and lending practices—underlined the central question in the trust affair. That is, whether the companies' methods of appraising the apartments' price—by which the value of the property is based on future income stream from rents—is an acceptable practice. The government insists that it is not. And if it is right, the mortgages totalling \$375 million in the deal exceed the legal limit of 70 per cent of the value of the property.

But both Rosenberg and Markie (Seaway Trust's owner) were equally adamant in interviews last week that the appraisal method is legitimate. Indeed, Markie claimed that the mortgages qualified that Seaway was \$75 million in debt by using their more conservative appraisal techniques and discounting the value of Seaway's mortgages.

Consistently restating his position, Rosenberg denied the fact that Elgie said made his reaction to the legislation, where he enjoys immunity from prosecution. "Dr. Elgie," said Rosenberg, "has twisted a lot of words, unfortunately to discredit me, and my position is that he said it in the House." "This was at the Toronto House report," Rosenberg alleged that they "are based in large part on inference and suspicion."

Both Rosenberg and Markie pointed out that despite the government's current allegations, the provincial regulator responsible for policing the trust industry, Murray Thompson, did not criticize these issues last year. Bud Markie: "Seaway had as good and forthright relationship with the regulator, particularly the Ontario department of insurance, at all times." In fact, an increase in Seaway's share capital was approved by Thompson and Elgie in September. Similarly, Rosenberg's Greyson Trust had its operating licence renewed from 30 days to one year last October.

While the charges and counter-charges continue in public, the future course of the trust affair will be determined in the courts, where a state of hearings is in progress. In one major motion, Rosenberg's lawyers are challenging the authority of the government to seize control of the companies, alleging that the action is a violation of the Charter of Rights and Freedoms. Said Rosenberg: "I'm not going to run away and I'm not going to be down." Neither, it seems, is Robert Elgie.



Potash storage near Vancouver, B.C.: a quick return to good markets is unlikely

## State enterprise and the Tories

Since its stormy birth amid charges of expropriation in 1953, the Potash Corp. of Saskatchewan (PCS) has become a symbol of success in Saskatchewan's economy. Derived out of existing private potash mines by the former New Democratic Party government, by 1981 PCS recorded an unbroken string of profits totalling \$463 million. But with the election last April of a Progressive Conservative government with a private enterprise bent and the current worldwide recession, PCS's fortunes have waned.

The corporation's recently released 1982 annual report records a net income of only \$607,006—the smallest in its history—and a staggering decline of 84 per cent from \$117.5 million in 1981. Not surprisingly, the fact that plan-gone profits have coincided with the arrival of the new government has triggered NDP accusations that the Tories are expropriating PCS.

Lennox McLarn, the minister responsible for PCS, vehemently denied the charge. He denounced suggestions that the government eventually plans to sell its five potash mines back to the private sector as "nonsense." (With more than \$1 billion in assets, PCS is the largest single potash producer in the Western world.) McLarn says the plummeting revenues are the result of the slump in world demand for fertilizer, falling prices and overproduction at PCS. When the five other privately owned potash mines in Saskatchewan were reducing production in 1982, McLarn says, PCS remained at near full capacity. The reason, he says, is that the NDP government was reluctant to hand out layoff notices with an election on the horizon. One of the first actions McLarn took after as-

suming office last May was to curtail production for two months at four PCS mines.

But the most controversial move of Premier Grant Devine's new government was the decision to keep PCS in Capetown, the Toronto-based, privately-owned marketing company for sales of potash abroad. The previous government had intended to remove PCS from Capetown. With 37 per cent of the Saskatchewan potash production capacity, the PCS government planned to establish its own sales agency, PCS International, to sell potash. But within days of the Conservative's rise to power private potash producers were lobbying to keep PCS in the marketing arrangement. The Devine government agreed. And the impact of the decision can be read in the 1982 financial statement, according to PCS Leader Allan Haskew: "There were firm commitments for sales of 19 million tonnes of exports through PCS International," Haskew argued, "but we ended up with only 11 million."

What is clear is that PCS's share of the North American and offshore market was eroded in 1982. The amount of PCS potash shipped through Capetown in 1982 dropped from 35 to 32 per cent of the group's total sales. Offshoots at PCS and other potash producers are not expecting a quick return to the levels of two years ago. One dead on the horizon is the U.S. government's "payment in kind" agricultural program. The scheme pays farmers to leave fields fallow in an attempt to alleviate the current wheat and corn glut. "It is not great news for the potash industry," conceded McLarn. For PCS, in fact, it is just the latest in a year of bad news.

—DALE STEINER in Regina



Rosenberg: Elgie is a picture of incompetent management and 'systematic misdeeds' of money

gators' reports on the firms—Greyson Trust Co., Seaway Trust Co. and Crown Trust Co.—Elgie painted an alarming picture of incompetent management, "systematic misdeeds" of the firms' money and an extensive withholding of their affairs. At the same time, Elgie announced that the government had obtained an injunction in the Cayman Islands, freezing \$106 million in funds associated with the controversial \$500-million sale of nearly 11,000 Toronto apartment units last fall.

It was Elgie's first major statement in weeks on the matter and it was clearly meant to help justify the seizure of the trust companies. But rather than defuse the controversy surrounding the

ports submitted before the seizure by the Morrison commission, a team headed by James Morrison. While Morrison acknowledged that he had not obtained some information about certain aspects of the apartment sale, he concluded, among other things, that "he had seen no evidence to support the contention that the price actually paid" was \$500 million and said that the methods used to evaluate the properties were "inappropriate."

But in the view of Leonard Rosenberg, who controlled the operations of Greyson Trust, its parent holding company, Greyson Credit, and Crown Trust, Morrison's findings did not help justify the seizure. In a statement to

## Brazil's struggle with debt

It was just a decade ago that São Paulo, Brazil's largest industrial center, was hailed as a boomtown. The country's military rulers proudly declared an "economic miracle," pointing to Brazil's spectacular 11-percent annual growth rates fueled by massive foreign loans, and the city was the centerpiece. But now, instead of going to work at the smoldering steel mills, hydroelectric plants or chemical refineries that dot the landscape, thousands of São Paulo's skilled laborers find themselves out of work and frustrated.

The feeling erupted earlier this month when 3,000 of the city's unemployed, who do not benefit from unemployment insurance or government relief programs, rampaged through the streets, looting stores and setting off three days of riots.

The civil strife is a sign of the disenchantment that has gripped the nation since Brazil's foreign-financed boom ended in 1980. The situation became critical after world bankers lost their confidence in the country, following the near bankruptcy of Mexico last August, and wanted their money back—money that Brazil did not have. Today Brazil has the dubious distinction of being the largest debtor in the Third World, owing almost \$90 billion to foreign creditors, three-quarters of it to banks. Unemployment officially stands at 15 per cent, but some estimates put the actual level at 40 per cent.

The recent riots, the worst civil disorder in two decades, could not have come at a worse time for Brazilian politicians and bankers, who are desperately trying to shore up international confidence in the country. Last week high-ranking Brazilian economic advisers gathered in London with officials of 16 banks from 11 countries behind closed doors at the bank Drexler Burnham Dyer, the advisors—Carlos Eduardo de Freitas, representing the Brazil Central Bank, and Narciso da Fonseca Carvalho, deputy head of Brazil's export financing department—gave the major creditors a program report. It has been seven months since the government officials delivered a last-chance salvage program for Brazil, designed to cut the country's dependence on foreign cash and guard it from an International Monetary Fund bailout. Under the austeritous program

Brazil was advised to slash its deficit in half and cut back imports, measures that have kept unemployment and unemployment high at the same time that inflation has hit 180 per cent.

Last week Brazil assured the nervous bankers that the IMF-approved plan is working. Officials reported that, with an \$850-million trade surplus in the first quarter of 1983, Brazil should reach the \$6-billion trade surplus that IMF forecast for the entire year. The trade surplus is needed, says Timothy Hinde,

with interest payments. The tight money problem partly results from small banks, which have quietly withdrawn their credit lines to Brazilian banks. When the IMF-backed plan went into effect, Brazil had hoped to secure pledges of a permanent \$5-billion credit line. At this time, however, only \$4.5 billion is available.

While the international financial community may be pleased with Brazil's progress, not everyone at home is delighted. Independent economists forecast that the program will doom Brazil to a third year of recession. Nor do they believe that the \$6-billion trade



São Paulo natives predict that the salvage program may doom Brazil to further recession

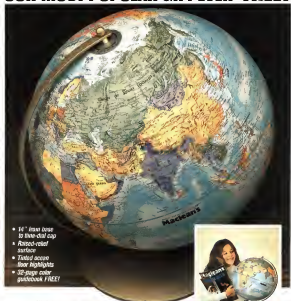
banking correspondent for *The Economist*, if Brazil is to service debts, to repay emergency short-term loans due later this year and to persuade its creditors to lend more cash if that is necessary. Carlos de Freitas told the creditors that the country has managed to increase exports in the first three months of this year by 18 per cent. There have been impressive gains in exports of coffee and soy, he said, due primarily to a rise in production and a 25-per-cent devaluation of the currency against the U.S. dollar. In addition, oil imports are expected to decline from 360,000 barrels a day in 1982 to 310,000 barrels a day in 1983, contributing to a savings of \$3 billion in overall imports.

Betel by enormous cash-flow problems, however, the Brazilian delegation also asked the bankers last week to prop up short-term credit lines to the foreign branches of Brazilian banks so that the beleaguered country will have enough cash to pay import bills and keep up

surplus will materialize, because the plan is too tight for the country to endure, given a rapidly growing population and considerable poverty. Says industrialist Luis Edmundo Borno Vidigal, president of São Paulo state's Federation of Industries: "A country like Brazil can't stop growing like a developed country." Just to stop the current high levels of unemployment from rising, Brazil needs an annual growth rate of five to six per cent.

For now, the government is holding firm to the belief that the \$6-billion trade surplus will materialize and that Brazil will not have to borrow more money to meet its obligations. When the international bankers confer again on May 6 in New York City, they can only hope that Brazil can survive the liquidity crunch—and survive without more cash infusions. If Brazil cannot, the bankers will be swish in unpaid loans.—CAROL BUCHANAN in Toronto, with George Marzoughian in Rio de Janeiro

## OUR MOST POPULAR GIFT EVER—FREE!



- 14" instant access to time-dial cap
- Raised-relief surface
- Tinted accent floor highlights
- 32-page color guidebook FREE!

LONDON'S WEEKLY NEWSMAGAZINE

### WITH Maclean's AT HALF-PRICE!\*

Now you can own the most popular gift Maclean's has ever offered... A HUGE, FULL-COLOR, FINELY-DETAILED WORLD POLITICAL GLOBE FREE! Finely crafted by the world's leading globe makers, it features raised-relief mountain ranges so realistic you can feel the height of the Himalayas, plus thousands of place names, so you can stay on top of world developments. This stunning half-size globe will make an informative and decorative addition to any room in your home

Best of all, it's yours FREE, with your paid half-price\* subscription to Maclean's. It's just your Free World Globe, complete and ready for the order form TODAY!

\*Maclean's low base subscription rate of \$2.50 per copy covers you 100% off the \$1.25 newsstand price.)

**GOOD NEWS FOR CURRENT SUBSCRIBERS**  
Get your FREE Maclean's globe by extending your subscription now at half the newsstand price!



# Still preaching in the wilderness

By Peter C. Newman

**B**ecause he regards Mavis Lalande as one of the few politicians in Canada with any guts, Walter Gordon remains astutely besetled about last week's budget—but he feels strongly that one economic position is already out of the window.

New deep into his 70s and out of all of his corporate involvements, Gordon's petriotic passions have cooled hardly at all. Two weeks ago he was tutoring senior officials at the Pentagon and in the U.S. State Department on why they should allow Canada to declare itself a "major-free zone" he leaves this summer for Moscow on a similar mission. The Canadian Institute for Economic Policy, which he heads, continues to publish some of the most provocative and relevant studies of the country's future. He remains what he has always been: a man involved with his society, occasionally its conscience, always its spear.

His pet hobbyhorse at the moment is to lash away at Gerald Bock's Bank of Canada monetarist policies. Back in 1978, when Gordon was chancellor of York University, he had invited the central bank governor for a debate on the subject, but Bock never showed up. Says Gordon: "I thought that showed cowardice and the inability to defend his own policies. I forecast at the time that if the Bank of Canada continued its policies, we would get a depression and breadless high unemployment. Both have happened, but Bock still hasn't changed the fundamental direction of his thinking."

What Gordon advocates instead is even lower interest rates (he suggests six per cent as a desirable level) and strong fiscal restraint on the government's expenses. That this would mean an even lower Canadian dollar and an even higher budgetary deficit worries him not at all. "The problem," he says, "is that if you concentrate only on fighting inflation, you inevitably end up with economic unemployment—and in my society that, prior to itself as being commonplace, that is unacceptable."

Gordon's theme is much too simplistic to be adopted by the Ottawa mandarins who believe that anything that isn't documented in a 1,000-page brief isn't worth considering. He sees the only way of both reviving the economy and creating the massive tax revenues that will eventually reduce our deficit as stemming from an identical course of

action: a massive influx of treasury funds into public works, particularly at the municipal level. From his previous experience in government (he was minister of finance from 1962 to 1965), he claims that once governments can create the right kind of jobs the fastest—they build the rejected construction projects already planned and need only provincial approval to share in the \$6 billion to \$8 billion that would become available.

Gordon also wants to see a three-year moratorium on loans and mortgages



Gordon's passions cooled hardly at all

new threatening the existence of small businesses, as well as those on farms and forests, with Ottawa agreeing to pay the interest on debts up to \$500,000. This, combined with a five-year, tax-free holiday on profits earned from manufacturers' goods and a series on the personal earnings of individuals with incomes of more than \$50,000, is one of his other and more dramatic prescriptions for economic recovery.

Gordon remains concerned about the extent of foreign ownership in the Canadian economy and is pushing the pro-

cessment to apply the National Energy Program Canadianization efforts to other, equally key industries, hoping at the same time that the Trudeau cabinet will not give in to the pressures pushing for the creation of the Foreign Investment Review Agency. "Foreign-controlled Canadian subsidiaries of U.S. and other outside corporations have considerable advantages over their Canadian competitors," he claims. "For example, they can borrow from Canadian or U.S. banks on the guarantee or on the personal standing of their parent corporations and benefit considerably from the research and development work of their parents as well as the spinoffs of the latter's advertising programs. To compensate for this, Canadian-controlled companies should be given a 10-percentage-point reduction in their tax rates."

The former finance minister is convinced that so-called free trade has a limited future, because countries that make the most fervent declarations in favour of it like the United States at the recent Ginea negotiations promptly apply another free trade barriers that are even more severe in protecting their domestic manufacturing plants.

Despite these and other economic concerns, Gordon is expending most of his energies in a quest to get the superpowers to recognize Canada as a nation-free zone. "The alternative," he says "would be to get caught in a nuclear cross fire between the two superpowers."

It is almost as irresponsible a dream as any of Don Quixote's quests, but Walter Gordon doesn't really mind being considered a visionary.

More than a quarter-century ago he headed a royal commission on Canada's *Economic Prospects*. OFRC didn't exist then, "high tech" was a term used only in the pages of *Popular Mechanics* magazine, and Canada's federal-provincial relations were relatively quiescent. His commission report, a massive document numbering 3,084 pages, including its accompanying studies—made his suggestions. Nearly all of them were accepted by Canada's mainstream political and economic thinkers at the time as being far too radical ever to be implemented.

Gordon recently counted up the years and found, to his own surprise, that 50 of his ideas have since become law.

We could do worse than listen carefully to what Walter Lockhart Gordon is preaching these days.



## SPORTS

# Bassett scores a big breakthrough

By Hal Quirin

**I**t was a Sunday to be cherished by Canadian armchair athletes. On the CBC network, Ed Wernick and his Toronto radio crew were the way to victory in the world curling championships as curl Joe Nelford of Burnaby, B.C., was tied for the lead in a Professional Golfers' Association tournament, and on NBC 15-year-old Carling Bassett of Toronto led Cheryl Evert Lloyd in the final set of the Women's Tennis Association championship in Amelia Island, Fla. Wernick's April 17 victory was not unexpected, and Nelford ultimately faltered. But the perfection Bassett's near upset of the second-ranked woman tennis player in the world was shocking. No one expected her to reach the final, let alone extend Evert Lloyd to the edge of her skill. From now on, opponents as inexperienced as her own should think twice when they see the entry CARLING BASSETT-CANADA in future draws.

Bassett's overnight success was, in fact, six years in the making. Her senior, 30-year-old Carling, of the Inverclyde club, recalls that in 1976 her nine-year-old daughter started leaving the house early on summer mornings, racket in hand, to stand alone waiting for the bus that would take her to the Granite Club's tennis courts. "That is when I started to think she was serious," said Russ Bassett. In 1978 Carling was enrolled in Nick Bollettieri's legendary tennis academy in Florida. Led by her father, Johnny P. Bassett, "I never figured she would stay I wanted her to get it out of her system." But after four years of grinding away at 30-hour sessions on the practice court, Bassett's ascension in the tough world of women's tennis has been nothing short of meteoric. In June, 1983, she was ranked 19th in the world. Four months later she was 99th. After winning the Orange Bowl tournament—effectively the world junior (under 18) championship—in January, Bassett turned professional. She was her first pro match that month, captured a \$50,000 satellite tournament. It was in mid-February and was ranked 69th by the end of the

month. After reaching the finals of the Commonwealth Classic in Palm Springs, Calif., \$50,000 tournament—knocking off eighth-ranked Hana Mandlikova en route—Bassett was ranked 43rd, the highest ever for a Canadian tennis player. Heading into Amelia Island and her showdown with Evert Lloyd, Bassett was ranked 54th. According to the

sports: "If she had beat me, it would have caused a lot of excitement and excitement in the tennis world," said Evert Lloyd, after engaging with the 13th-ranked player of her career. "She has all the trappings of a champion. I didn't know that she was that good. I underestimated her ability to hang in there."

Bassett was understated. "I was very excited about getting to the final and was more nervous than regular matches," she said. (In those she defeated sixth-ranked Bettina Bunge of West Germany, 11th-ranked Virginia Ruzici of Romania and 14th-ranked Kathy Rinaldi of the United States.) "I tried my hardest. Chris played better than I did." At week's end and father Johnny told Madonna: "We learned after the match that Carling had pulled a thigh muscle early in the third set and lost a foot injury to her arm. We had her run the team doctor right away. But she would never say that the injuries affected her play." Bassett in majority owner of the United States Football League.

Injuries are a serious concern to Carling's parents. They need only consider the lot of the other young tennis phenoms, Andre Agassi and Tracy Austin, both now afflicted with injuries. Said Johnny Bassett: "Our first priority with Carling is that she seriously participate in the physical world beyond tennis. So many others have nothing else but the game."

The day after the Evert Lloyd match, as Carling suffered the first symptoms of influenza, endorsement offers from equipment manufacturers poured in. "The phone didn't stop ringing," said Johnny Bassett. "But the offer that most excited Carling was for a role in another film." (She played a dual-end tennis brawler in *Spring Fever*, now in release in the United States and Western Canada and scheduled for Eastern Canada in May.) "The shooting would conflict with Wimbledon in June. But Carling said she'd take it. That's healthy." It appears that there will be many more days for small- and big-screen enthusiasts to cherish.



Carling Bassett: all of the trappings of a champion

Women's Tennis Association, which compiled the computer rankings twice weekly, Bassett will reach 24th or 25th in the world in rankings to be released this week. And in her fourth month as a pro she will appear in the top 20 money-winners' list with earnings of more than \$26,000.

Although Bassett and her father have taken her ascent in stride, Evert Lloyd was surprised by the final upset. She took the first set 6-3, but then Bassett came back to win the second set 6-2 and was leading in the third 4-0—just six points short of one of career's biggest

# T/A HIGH TECH RADIALS

Objective: Create European-style radials that set new standards in design and performance.

Solution: The Comp T/A™ 60V and 70V.

**BF Goodrich**



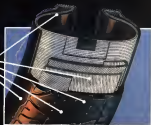
Its black-on-black design and outstanding handling gave our Comp T/A™ tires the qualities of a European-born radial. The Comp T/A even holds the prestigious K-speed rating—the highest rating available in Europe.

Other Comp T/A radial achievements include superior handling and cornering, ultra-responsive steering, and being for direct application on most original equipment wheels.

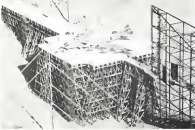
- The design of the Comp T/A radial includes this unique combination of advanced materials and technology:
- A. High-modulus bead fillers provide quick steering response and high-speed handling.
  - B. Lightweight folded fiberglass belts and rayon carcass optimize ride comfort.
  - C. Dual compound tread offers outstanding traction and mileage.
  - D. Computer-optimized tread offers outstanding handling and cornering.
  - E. Low aspect ratio helps ensure stability.

The Comp T/A™ radial is world-renowned for its innovative construction that combines BFGoodrich state-of-the-art technology with European-style design and performance. And now, the Comp T/A is available in 60V and 70V series sizes.

The Comp T/A radial is available in 80V, 80V, 60V and 70V series sizes. BFGoodrich makes a complete line of advanced T/A™ High Tech Radials. When you're ready for a tire with exceptional performance, there's a T/A High Tech™ Radial designed for you.







A P-32 bomber on the 'Treble' shielding electronic circuitry from the EMP threat

## SCIENCE

# The new bad nuclear news

In 1962, when the U.S. military conducted a small, high-altitude nuclear test over the Pacific Ocean, the blast shatter-crowned streetlights, triggered burglar alarms and then shut off some of the power on the Hawaiian island of Oahu, some 1,300 km away. Scientists discovered that the cause of the electronic blackout was a surge of voltage caused by the electromagnetic pulse (EMP) that accompanied the nuclear explosion. Since that time, scientists have been devising ways to shield electronic circuitry from the EMP threat. But today there is a growing concern in both civilian and military circles that that concern is being done to protect North American communications, power and weapons systems against EMP in the event of a nuclear war. Indeed, scientists estimate that the EMP "shock wave" from a single nuclear bomb detonated in space over the centre of North America could plunge most of the continent into electronic darkness and paralyze its defenses. If they are correct, a retaliatory nuclear strike would almost be responsible—a situation that throws the entire strategic defense system into serious question.

In March, U.S. Defense Secretary Caspar Weinberger responded to these concerns in a letter to the U.S. magazine *Science*.<sup>1</sup> While Weinberger acknowledged that EMP effects do pose problems for nuclear strategy, he declared, "These effects are being overcome." But not everyone in the defense community agrees. Charles Kinney, who retired in 1985 as chief of the Advanced Technology Section in the U.S. Army's Threat Directorate, described the letter as "totally inaccurate," and added, "We are not totally vulnerable to EMP."

The EMP effect is described as the opposite of that of a nuclear bomb—killing or crippling electronic equipment, but leaving humans standing. Prime targets of damage would be power and communications grids where long, unprotected cables could act as collectors. Solid-state circuitry, which has replaced vacuum tubes in modern electronic equipment, is much more sensitive to EMP. This could make all advanced electronics in such vital defense equipment as satellites and missiles useless during a nuclear blast. In Canada, Prakash Bhartiya, head of the department of national defense's electromagnetic section, acknowledges that Canadian military and civilian systems also remain largely unprotected.

In October, 1981, U.S. President Ronald Reagan announced that a key part of his \$300-billion, five-year defense plan would be to strengthen and rebuild our communications and control systems. Spokesmen for the Defense Science Agency confirm that a massive multi-billion-dollar program to "harden" or protect military systems against EMP was

now under way. The Canadian government issued a classified policy directive last February which ordered that "all equipment will be hardened."

The critical question is whether or not hardening is feasible. Protective procedures include mounting equipment, or whole facilities, in metal shields or burying them underground and isolating sensitive components with circuit breakers and filters. Hardening military communications is one of the most difficult problems. William Carter, technical director of one of the U.S. Army's laboratories in Adelphi, Md., which tests for EMP hardening, among other things, believes that the solution can be overcome by building a number of communications links between two points so that one or more links survive the EMP impact.

The process to test the hardness of such equipment as tanks and aircraft is complex. In 1980 a \$54-million EMP simulator was built at Kirtland Air Force Base in Albuquerque, N.M. It is known as the "Treble," and, so that it will not conduct electricity, it is made out of massive beams of Douglas fir, bound by laminated strips of birch. It stands 10 stories high. To test an airplane's vulnerability, for example, scientists perch it on top of the Treble and use two three-million-volt pulsed to shoot 160 billion watts of electricity through it for a fraction of a nanosecond (one-billionth of a second). But military experts believe that the simulator has its shortcomings. Even Carter admits that there is no reliable way to evaluate these measures. "You cannot test them without setting nuclear explosions above the atmosphere, and we are not quite ready for that," he said strictly.

For his part, Theodore Taylor, a nuclear physicist and former deputy director of the Pentagon's Defense Atomic Support Agency, goes in for the so-called "fundamental ignorance" of the effects of nuclear explosions makes the hardening problem insoluble. Taylor was involved in analyzing the last U.S. high-altitude test, which ended with a partial test, has been of 1962. "Every time we shot one of these things off, we got all kinds of surprises," he said. Now as anti-nuclear activist, Taylor says Weinberger's assessment that the EMP problem is under control is "an example of the self-defenses of the military—military analysts who think they know everything, when, in fact, they know practically nothing about the effects of nuclear explosions." Taylor insists that ignorance of what would actually happen in a nuclear war makes any nuclear strategy—whether strategic or tactical—use or mutual assured destruction—senseless.

—PAT THORNTON in Edmonton, with William Leather in Washington.

## ENVIRONMENT

# Fists across the undefended border

By Val Ross

The more that acid rain, oil slicks, industrial grit and political hot air drift back and forth between Canada and the United States, the more the world's greatest undefended border becomes the world's longest-running opportunity for environmental squabbling. As the bill for the damage to human health and the natural environment grows, emotions have become so heated that academics are now assessing a third civil war of damaged international relations. Two years ago the C.D. Howe Institute, the Montreal-based think tank, commissioned Prof.

confronted a startled Ronald Reagan on his first presidential visit to Canada. "The states case of dispute settlement is not working," charged Carroll. "Problems are not even being contained, let alone solved."

Worse, when Carroll polled Americans and Canadians working in the field about whether there was at least some evidence of joint principles on what should be done. "The response that I received was a clear 'no'." Indeed, Carroll says that the International Joint Commission (IJC), the 74-year-old independent body charged with mediating environmental disputes, was never able to do the job completely because it was not

a stir among Americans, who tend to be less concerned of their neighbor's problems. That difference in awareness is at the heart of most U.S.-Canadian environmental disputes. Fully 90 per cent of Canadian fish within 500 km of the U.S. border, while the U.S. population is widely dispersed, has a real, there is the sense that most of the major environmental battles take place in and around major concentrations of Canadian populations—fisheries such as the Garrison Dam river battle (the North Dakota irrigation scheme which would pollute water and wash away of fish life into Manitoba's Red River), acid rain, or the proposed routing of U.S.-owned tankers from Amman oil ports through British Columbia's Strait of Juan de Fuca. The imbalance of concern is borne out by the greater number of Canadian civil servants specifically assigned to transboundary environmental problems. While many of the Americans have technical expertise, Carroll charges, "it is not matched or applied to Canada."

Carroll's study reminds many self-righteous Canadians, however, that Canada was not always so committed to protecting the environment. In the 1960s and 1970s Canada was chastised as a polluter for its Western



Canadian premiers greet Reagan; Carroll leads U.S.-Canada relations may deteriorate further

John Carroll, associate professor of environmental conservation at the University of New Hampshire, is undertaking the first major inquiry into the problem. Published last week, *Environmental Diplomacy: An Assessment and a Perspective of Canadian-U.S. Transboundary Environmental Relations* makes sobering reading.

The book asserts that environmental conflict could soon become a greater source of U.S.-Canadian friction than political and economic disagreements. And it predicts that unless new institutions with wide powers are created, today's sometimes tiny relations will deteriorate further. The point was most forcefully driven home in March, 1981, when angry mobs on Parliament Hill brandishing and rain protest placards

given the power to initiate investigations or to enforce its recommendations. After interminable delays the IJC has even delayed irreparable problems back into the laps of both federal governments.

The only route to go, Carroll insists, is to strengthen institutions and create new ones. In fact, Carroll recommends adopting former Conservative environment minister Joe Fraser's proposal to establish a highly respected tribunal whose members would stand clearly above national politics and which would have the powers that the IJC lacks.

Carroll predicts that his study's documentation of institutional expense will only confirm what Canadians have long suspected. But he believes it will create

Canada border plants along the United States with their oil tankers from the Strait of Juan de Fuca. "We are relinquishing sovereignty to a tribunal may never be acceptable to either the United States or Canada, the study suggests other options citizens of both countries should try to gain access to each other's courts to launch environmental suits is now the case among all four Scandinavian countries." Carroll adds that there can be no reforms until both parties agree to accept common standards for defining clean air and clean water. And he admits regretfully, "Neither Canada nor the United States is close to doing that." Nor are the nations likely to do so until both sides begin to calculate through foreign relations as a rising cost of the polluted environment. ♦



## **Business needs an imaginative approach to banking.**

That's why we put the most productive minds in banking to work for business. And business wins with every fresh idea and opportunity we create. For example:

- ☐ Our account managers have created cash management strategies which produced cash flow improvements of up to 15% for some clients.
- ☐ Our world trade specialists have helped create new opportunities for Canadian exporters by providing foreign market intelligence and tailored financing packages.
- ☐ Our merchant bankers have come up with new sources of capital to help client companies grow.

That's one way with an imaginative approach to banking. And that's why business banks with us.



**ROYAL BANK**



## Allan King and the tense TV encounter

Last Jan. 18, 30 unemployed Canadians from across the country were brought at federal expense to an isolated northern Ontario farm for a conference on unemployment. Several of the participants expected to talk about political issues and organizing the unemployed. But now they allege that they found themselves thrown into something resembling an inquisition, in which participants stood, shouted and looked chairs—all for the benefit of a CBC crew that was filming the four-day meeting for a documentary on the effects of unemployment. Centennial Television-based film-maker Allan King, who received a \$75,000 government grant to fund the project, planned to air a two-hour documentary on the CBC in late May. But last week six of the participants announced that they will seek an injunction to block the program.

Chuck Gauthier, a 36-year-old leader of an unemployed workers' committee in Vancouver, said he is still recovering from the disturbing conference, held at a retreat near Orangethorpe. Gauthier said that the conference staff, which included two psychoanalysts, structured the event in order to produce dramatic scenes for the cameras. Stud Gauthier: "It produced the desired effect—unemployed people breaking down emotionally, weeping and blaming unemployed people and each other. They viewed discussion away from talk about organizing and political discussion. People were manipulated to a point where they were close to breaking down emotionally and psychologically."

Allan King makes no apologies. The award-winning film-maker is a master at taking his camera into the hearts of troubled subjects in his documentary dramas. His notable past work includes *Warrendale*, a film about disoriented children, and *Murder Camps*, which dealt with a marriage in crisis. King told *Maclean's* last week that he will fight attempts to ban the film. He said that those now objecting signed waiver forms before appearing in front of the camera. Said King: "The purpose of the conference was to explore the experience of being unemployed and to probe assumptions about unemployment. People were free to leave if they didn't like it. Some people did come with another objective, but the management of the conference made it emphatically clear that they could talk about what they wanted to."

Gauthier and the five other participants disagree. They said that confer-

ence staff placed the participants in chairs arranged in such a way that they did not face their questioners and that they were lured into losing their tempers. Ron St. Pierre, a then-unemployed potash miner from Saskatoon, claims he was goaded into kicking a chair in the direction of the psychoanalyst. "I went there to represent my people," said St. Pierre, who is vice-president of a Saskatoon local of the United Steelworkers of America. "I reacted to the conference as I've never reacted to anything in my life. It was demoralizing to everybody who sat there, and I don't think there was a single one of us who



King in his Toronto office: conference participants cried, shouted and kicked chairs.

wasn't in tears at some point." King said he is puzzled by St. Pierre's response. The film-maker said it is inevitable that a serious discussion about the human consequences of unemployment will produce emotional responses.

The controversial project began last December when King asked the federal government for funds to hold—and film—a conference about unemployment. He did so in his capacity as chairman of the Menzies Institute, a nonprofit organization formed last year to research public policy. The Canada Employment and Immigration Commission agreed to sponsor the project but did not participate in running the event. Sociologist-official Josephine Brewster: "The money that we were told would be used with a study of the impact of unemployment, and the phrase that unemployed people go through as they

deal with not having a job."

The participants were not convinced about the merits. Sandra Michel, an unemployed teacher who has organized jobless workers in Campbell River, B.C., became apprehensive about the scheme when she learned that two psychoanalysts were going to help guide the discussion. She signed the release forms allowing filming, however, because she was unwilling to quit the conference after traveling more than 4,000 km from Vancouver Island. Stuart Bush, a Vancouver lawyer acting for King and five others, is confident that the participants can block the airing of the film.

"They have two legs to stand on," he said. "One, they have needed the accommodation allowing their words and images to be aired, and, secondly, if they are shown that would be a violation of their right to privacy."

Although he has not finished editing the film, King is confident it will be shown and well received. "It's going to be a powerful program," he said. "It's dramatic, without having a script, and it speaks very eloquently about the experience of being unemployed." Gauthier agrees that if the film shows anything, it is how the unemployed are showed around. "We were manipulated and used, just like a bunch of guinea pigs," he said. "They had everybody with all their defenses stripped away, humiliated. It wasn't fair."

—TERRY GRAVIN AND MALCOLM GRAY  
in Vancouver

# NEWSHOUR

## Valerie Elia and Fraser Kelly

WEEKNIGHTS AT SIX P.M.



CBC-TV  
CBC Television





## THE WESTIN WOMAN IN CANADA

To the Westin woman, quality is a way of life. When she travels, she won't settle for second best.

That's why she stays at Westin Hotels.

Westin gives her the convenient downtown locations, the spacious, elegant rooms, and the wide choice of fine dining that can make a trip both memorable and rewarding.

And she knows that



she will get the same kind of warm, attentive service in each of the Westin Hotels throughout Canada that all Westin Hotels are famous for around the world.

Westin Hotels.  
First-class. Worldwide.

For reservations call your travel agent, your company travel department or 800-268-8383 (in Toronto call 363-7700).



WESTIN HOTELS



The beautiful, popular lobby of The Westin Hotel, Edmonton.  
Westin Hotels are located in Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Montreal.  
Open late 1985 in Ottawa.

## FOR THE RECORD

### Miraculous starkness

BRADSHAW BALLADES, OP. 16:  
RHAPSODIES, OP. 79  
Giles Gould (piano)  
(CMA Masterworks)

Giles Gould's first posthumously released record is like a gunshot thrown down from the heavens. The stunted, transverse Bradshaw, the most emotionally and intellectually fulfilling of composers, into one of the most disturbing Gould's stark view makes the *Four Ballades* and *Two Rhapsodies* appear curt, trampled and slowly perishing, but he offers that with a marauding interplay of melodic lines and occasional instrumental lyrics. Amazing things happen: a tumultuous, pugilistic sonnet on the first *Rhapsody*; a third *Ballade* that sounds like Brahms and then like Debussy but never like Brahms. Initially, the first *Ballade* and second *Rhapsody* seem painfully and perversely slow, but they steal up with darkly elegant and threatening power. By the end, Gould's "madness" has rarely sounded so sane.

Two-minute Gould fantasies from the Moss Music Group merit mention—and a caveat erupts. In *The Young Giles Gould Vol. 2*, the teenage pianist accompanies Albert Prutz (violin) competently in a few light Russian pieces and he also plays the 11-minute sonata by Alban Berg. Made in 1964, the album demonstrates talent, not genius. The abysmally recorded Vol. 2 resembles a bad home movie with its gratuitous playing of four short Mozart pieces.

SHIBELIUS SYMPHONY NO. 2  
Conducted by Andrew Davis  
(CMA Masterworks)

Following their recent success in Europe, the Toronto Symphony Orchestra and Andrew Davis have produced their most impressive recording. The playing is of a high order, although it is not really lusty, and the brass section tends to blare. An icy woodwind sound is central to Shibeli's scoring, and the excellent Toronto winds create a haunting effect. As in much Scandinavian music and literature, the work contrasts the harsh reality of the Arctic with the dream of Mediterranean warmth. Davis fails in expressing the finale's moving grandeur and sense of release, but elsewhere his tough approach yields rich rewards, particularly in the eerie sobriety of the second movement. —JOHN TEASDALE

# Benson & Hedges 100's Lights

**Because the  
pleasure lasts longer.**



Warning: Health and Safety Canada advises that changes in tooth structure with tobacco smoking—rapid staining, bad breath, and other oral conditions—may be caused by changes in tooth structure with tobacco smoking—rapid staining. For your cigarette, Benson & Hedges 100's Lights and 300's Lights. Mouthed 10 mg "tar," 0.9 mg nicotine.



**IF YOU READ ONLY ONE NOVEL  
THIS YEAR, LET IT BE OBASAN**

Joy Kogawa's award-winning story of the persecution of Japanese Canadians during World War II is now a Penguin paperback.

"This book makes real a time and a suffering that no one has wished to remember . . . we are lucky to have it." — The Toronto Star.

\$3.95



JOY KOGAWA

# Obasan

**Scholl® Antifungal Tolnaftate**

**You can't buy  
a more effective treatment  
for Athlete's Foot  
without a prescription.**



The **Scholl® Tolnaftate** ingredient is clinically proven to be a highly effective antifungal treatment for superficial Athlete's Foot infections. It actually kills the fungi that cause the itchy, burning, often painful infection — fast! And when **Scholl Antifungal Tolnaftate** is used regularly it helps protect against recurrences. Your pharmacist will tell you that you can't get a more effective treatment for Athlete's Foot without a prescription.

**Scholl**

Nobody knows feet like Dr. Scholl's®

up 75 per cent of Waterloo's 165 computer graduates.

Much of Waterloo's impressive research funding and computer facilities originates from corporate grants. Since 1989, Digital Equipment Corp., last Canada Ltd. and IBM Inc. (the U.S. parent company), together with other companies, have poured more than \$14 million in the form of cash and computer hardware into the university. Last year alone IBM Canada gave Waterloo 16 million worth of grants and equipment, including 150 personal computers and three large central computers. In return, Waterloo researchers are developing IBM personal computer software.

Not everyone is happy with the Waterloo approach, however. Anthony Thompson, chairman of Dalhousie University's department of mathematics, computer science and statistics, says that some colleagues are critical of the university's aggressive courting of corporations. Thompson says that some academics think Waterloo should take an objective view of commercial developments and "concentrate on some long-term research rather than jump into new innovations." For his part, James Brumowski, chairman of Waterloo's computer science department, defends Waterloo's ability to maintain its academic freedom while wooing corporate interests. "We must be in touch with what is going on in business or we will quickly become obsolete," he says.

Other academics question Waterloo's mission. In applied, as opposed to pure, research, Richard Hall, chairman of the University of Toronto's Computer Systems Research Group, questions Waterloo's reputation in some quarters as Canada's MIT. He argues that U of T is doing a better job in academic research, while Waterloo concentrates on developing applied software. "A faculty's reputation is based on the caliber of its teaching staff," says John Mylopoulos, acting chairman of the university's computer science department. "Last year the highest prize for computer research, the Turing Award, was given to Steven Cook, of our department, by the Association for Computing Machinery, for his work on the complexity of algorithms."

If at times the campus begins to resemble an ant farm, please, however, Brumowski is not concerned. Ultimately, he says, Waterloo students in all disciplines will benefit. "If we develop a wide network of 100 computers on campus, more students can have instant access to information," he says. "That can only help their education." In the meantime, by negotiating the applications of computers, Waterloo appears to be destined to become the darling of both government and industry.

—CAROL ELLMAN in Toronto

## Presenting Russian Prince vodka. The frosty spirit of old Russia, recaptured.



One sip  
should convince  
you.



# Some things in life you can take for granted.

## A Canon copier is one of them.

You can rely on a Canon copier. It will perform for you just as surely as the sun will rise in the morning, as surely as fall follows summer. Giving you great copies at the touch of a

finger tip and the kind of dependability that's built in along with state-of-the-art technology. Is it any wonder more and more businesses these days are relying on Canon? It's the copier whose performance you can take for granted.

It's comforting to know your copier is a **Canon**

### TRANSPORTATION

## A watery corridor through Europe

By Peter Lewis

**I**n a prophetic moment, the eminent German writer Johann Goethe once predicted that the world would boast three great canals: the Suez, the Panama and a waterway tying the Rhine to the Danube rivers in Europe. Within 70 years of his death in 1832, the Suez and Panama canals had both been finished. Now the final and most grandiose part of his prediction also seems to be coming true. West Germany's new conservative government, under Chancellor Helmut Kohl, has brushed aside arguments from critics like former Social Democrat transport minister Volker Haefl that a Rhine-Danube canal amounted to the "fabled project since the tower of Babel." Instead, Bonn has recently chosen, at a cost of \$700 million, to build the final 50-km-long section of a giant 3,400-km-long waterway—the longest river canal system in the world. The system will carry cargo barges diagonally across Europe from the Rhine estuary in Holland to the Danube delta on the Black Sea by way of West Germany, Austria, Hungary, Czechoslovakia, Yugoslavia, Bulgaria and Romania. Still, even the staunchest proponent of the scheme, the transportation corridor administration that it will not begin to pay for itself until well into the 21st century—if ever.

The fact that the canal project has successfully overcome decades of political, financial and engineering obstacles since it was begun in 1921 by the German government, together with a Munich-based canal company, may be due in part to its historic and romantic appeal. Goethe shared his vision of a Rhine-Danube canal with Charles Magnus, King Ludwig VIII of Bavaria and Hitler, all of whom started building versions of the scheme.

Over the past 60 years the Rhine-Main-Danube Canal Co. has worked intermittently on the waterway, financing part of the effort itself through large sales and sale of hydroelectricity. First, the firm enlarged the Main and Danube rivers in West Germany to accommodate 1,500-tonne barges. It then constructed locks to carry shipping down to Nuremberg on the Rhine-Main canal and up to Kelheim on the Danube stretch. Finally, in 1979 the canal company embarked on the last 100-km section—along the high and winding Altmühl Valley, which separates Nuremberg and Regensburg.

This final stretch could well prove the

most challenging. The government estimates it will take about seven years for engineers and a 4,000-man work force to bridge the waters. In all, nine locks will be needed to span the Altmühl. Those of them, boasting total lifts of more than 20 m, will be among the world's tallest locks. The builders boast that they have the technology to complete the canal in only 33 years. "It is only the pace of government funding that dictates that we spend a whole series of years on the canal," said company spokesman Roger Riemer.

Before its defeat, the government of former chancellor Helmut Schmidt

equally agonized by the project. It recently convinced 250,000 Germans to sign a petition calling for a halt to construction, on the grounds that the 50-km-wide concrete canal would be a blemish on the beautiful Altmühl Valley.

The canal's strongest champion is Franz-Josef Strauss, the bulwarked, right-wing premier of Bavaria and Kohl's ally in parliament. Strauss claims that the canal will eventually foster the pocketbooks of 200,000 people in upper Bavaria with new port activity and employment opportunities. When the Schmidt government was voted out of office last fall, Strauss promptly ex-



pressed on the estimated \$300-million price tag for the remaining section. In fact, the federal government, which bears two-thirds of the waterway costs (the West German state of Bavaria is footing the other third) suddenly slashed funding in 1981. Bonn argued that the latest projections had shown that the canal would carry only four million tonnes of goods a year. Instead of the 20 million forecast in 1969. What is more, before leaving office last October, Haefl predicted that it would recoup so much as 50 per cent of the outlay and become one of the most impressive white elephants in history. The country's powerful ecology lobby, which includes the Green party, is

frustrated a promise from Bonn's new masters to complete the canal, possibly as partial payment for relinquishing his quest for a seat in Kohl's cabinet.

Defeated, Strauss now appears poised to succeed as a canal builder where Charles Magnus and others failed. The canal company last month reported that it has again received government funds to press ahead with work—its 1983 allocations amount to 400 million from Bonn and another 400 million from Bavaria. For a company that feared the project would die altogether, the funding was a relief. Declared Riemer, "It would be silly to quibble about a year here or there. We are building a canal in just a century." ☐

# New eyes on the past

By Shona McKay

For the most part, the legend of Joan of Arc has traveled the centuries intact. Her life as the young French peasant turned military crusader has been chiseled in marble, dramatized in plays and captured on

film. The details of her death at the age of 19 are as vivid for today's history readers as they must have been to the inhabitants of Rouen, France, who watched her burn at the stake as a heretic in 1430. Recently, however, the rendering of the saga has come under assault. In *Joan of Arc at the Moulin*,

published last month in Paris, French historian Pierre de Senneville claims that Joan of Arc did not die in Rouen but that she married a French knight and continued to fight the English invaders. According to de Senneville, St. Joan actually died in battle at the age of 44. Although it may take years to assess the new theory, the possibility remains that more than 500 years after the fact history could be rewritten.

Joan of Arc is only the most recent historical figure to undergo re-examination. To some extent, revision has always been an integral part of history. New knowledge led Galileo to question an Earth-centered universe, Darwin to doubt the Word in Genesis and Einstein to rule out many of the laws of Newtonian physics. "History is a moving subject," says Robert Gellman, a professor of medieval history at the University of Toronto. "It has always been the job of historians to knock off the accretions of the past." Of late, however, history is being rewritten at an unprecedented rate. In the wake of the spouses of former president Richard Nixon and the Watergate scandal, historians—and the public at large—are exhibiting a new sense of skepticism. From Alexander the Great to John F. Kennedy, from the early Vikings to the 20th-century Soviet colonies, scholars are hard at work changing the shape of the past.

Several factors explain the new revisionist surge. "To begin with, there are simply more historians out there," says Arthur Silver, a professor of Canadian history at the University of Toronto. In 1982 alone, 1,900 postgraduate students across Canada wrote history theses. Notes Silver, "These people are asking new questions, and, inevitably, some of them will turn up new things." As the number of new explorers of the past increases, so, too, does the amount of archived information. "There is a constant stream of new data emerging," says Garry Wills, professor of American history at Northwestern University in Evanston, Ill., and the author of a recent exposé on the Kennedy family called *The Kennedy Impasse*. "People leave public offices, men die, archives open up and secret papers become available." With twice "as much so fast that the material you have at your disposal 10's week is different than what you had last week." The tools for deciphering information are also growing increasingly sophisticated. Scientists are successfully using dating techniques, ancient olive pressures, to uncover the secrets of the Shroud of Turin, the alleged burial cloth of Jesus. Researchers are also testing strands of Napoleon's hair to determine whether he died from arsenic poisoning rather than natural causes. Computer analyses

has determined that Gregor Mendel, the 19th-century Austrian monk whose work laid the foundation for the science of genetics, fudged his statistics about pea plants.

Nowhere have the effects of revisionism been more obvious than in religious belief. After a 10-year study on part of the Dead Sea Scrolls, for example, two Hebrew scholars argued in 1979 that the Christian equation of sex with sin revealed from the misinterpretation by early Christians of the views of an obscure and fanatical Jewish sect called the Essenes. In fact, in the search for holy truth little is sacred. Writing in their 1981 book, *The Holy Blood and the Holy Grail*, Henry Lincoln, Michael Houghton and Richard Leigh offer a wealth of esotericist evidence to back up their theory that Christ escaped crucifixion. What is more, they contend that he married Mary Magdalene and began offspring who grew up in France and whose descendants intermarried with Leonardo da Vinci, Victor Hugo and Charles de Gaulle.

Just as historians scrutinize the secular past, so, too, are they turning a critical eye on matters of state. Not all great figures in history have managed to withstand the probing. According to researchers, Alexander the Great died agonizing from drink. Abraham Lincoln's profile image, says Wills, has accumulated evidence that he encouraged his agents to bribe voters in Chicago. And Franklin D. Roosevelt's past has been clouded in a haze of scandal. In *Four*, Pearl Harbor, and *Two Afternoons* by John Tolson, who speculates that Roosevelt knew the Japanese would attack Pearl Harbor and chose to keep silent because he realized he could then bring the United States into the Second World War.

Canadian have recently been forced to undergo some rethinking of their own history. The release of some segments of the Mackenzie King diaries since 1975 irreversibly changed the image of the former prime minister. The diaries unfolded a double life, filled with ghosts and gossamers, and King became one of the most interesting figures in Canadian history.

Lives of individuals are being rewritten, so are entire concepts of civilizations. The gentility and reserve of the Victorian era has been stripped back to unearth an age of perfidy and lawlessness. The early American West, rather than glorifying the spirit of freedom and adventure, is now thought to be an example of an imperialism when man was at his savage worst. But not all academic has suffered at the hands of revisionists. Says U of T's Gellman, "Recent findings in archeology have done much to transform the Vikings from lechers and raiders into a pro-

ple composed of explorers, traders and inventors."

In many cases, of course, the final word has not been written. A case in point is New Zealand archeologist Derek Price's Margaret Mead and Samoa. The Mead and Greenough of an Anthropological Myth Price maintains that Mead's previously unchallenged research into the sex lives of the 16 islanders in the 1920s was faulty instead of free love and an absence of polygamy. Price's claims, the Samoans have both acts of chastity and problems with rape. "The truth is not

haunting there like the Holy Grail," says Wolfgang Weissleder, an anthropologist at U of T and a former student of Mead's. "It is impossible to say right now whose theory will be accepted in 10 years' time."

While the reinterpretation of history conjures up Henry Ford's adage that "history is more or less bunk," many inquire if the proof of the richness of the past is revision. "The complexity are so immense," says Garry Wills. "We will never know the full truth about all of our history but, all the time, we are getting closer to that truth." □

## Check out the location sensation of Toronto's Westbury. You'll check in.

Look what's not far from where we are:

The Bay Street business and financial district. Ontario Government buildings at Queen's Park. Maple Leaf Gardens Entertainment City sign.

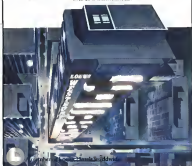
And some of the best shopping in Canada. And the subway is just a short block away.

Also, our rates are great for room, the size and comfort of ours. Our gourmet dining room. Creighton's, one of Canada's finest.

Builton's, our unique, multi-level lounge, features some of the best live entertainment in town. In more ways than one, Loews Westbury runs better than most hotels in Toronto.

For more information and reservations, call LRI Inc. (Loews Representation International) toll-free 800-268-7106 in Canada; 800-522-6555 in New York State; 800-223-0888 balance of U.S. Or call your travel agent. Or call Loews Westbury direct: (416) 924-6661.

LOEWS  
**WESTBURY**  
HOTEL TORONTO  
ONE OF THE TORONTO HOTELS



## MY AKAI THE PRO-SOUND MATCHED SYSTEM



## FEW THINGS IN LIFE MATCH SO PERFECTLY

Simply stated, the AKAI Pro-Sound system is a combination of acoustically matched components carefully engineered to match together in perfect harmony.

Now, don't let our name lead you to think we make our own speakers. The Pro-Sound is given the kind of careful attention you demand.

A CS-70, high performance

speaker built within a choice of Dado® B-C 100 system, an Aale Pro System, and other excellent sound systems. Our AKI 1000 integrated Amplifier uses IC Stereo power amplifier and control features included in power output of a single 45 watts RMS. The AKI 1000 is a 1000 watt RMS.

The AKI 1000 (VMA) Stereo System features a 1000 watt RMS power output of a single 45 watts RMS. The AKI 1000 is a 1000 watt RMS.

For more information, call 1-800-4-AKAI.

**AKAI**  
SOUND SYSTEMS

# Sexual soap opera of gods and mortals

ANCIENT EVENINGS

By Norman Mailer  
(McClelland and Stewart,  
300 pages, \$16.95)

Norman Mailer's dive into the nether regions of the past in his historical novel about Egypt, *Ancient Evenings*, should by all rights do what its promoters promise: challenge, sedate, overwhelm, delight and outrage. After all, Mailer has worked on the

ment? All the rivers of pain? The ocean my mind wash?"

The novel involves in this heavy wondering is that of Menekhet II, on the verge of renouncing his throne to die at the age of 30, he temporarily removes his body in order to follow his great-grandfather, Menekhet I, through the Dead, a river of feces that the souls of the dead must swim if they are to make it to paradise. Though framed by the after-death travels of Men II, *Ancient*

novel. That child becomes Menekhet the High Priest, who accumulates all the knowledge of the gods that he can but leaves his dying seed in the body of a whore. While still in the womb, the new Menekhet has his head beaten so frequently by his mother's clients that he forgets past lives and his pursuit of revenge. Still, he senses enough wealth that the last Menekhet can again be of service to pharaohs. Finally, in the reign of the eccentrically divine Rameses IX, he has a chance of escaping a pharaoh's power.

Mailer leaves the lives of Menekhet with not pure spots out of his research, some of embalming and funeral rituals, the annual flood of the Nile, tales of the gods and goddesses, magic and festivals, harlots and battles. But sex, so recurrent and deadening as pornography, is the matrix of the book. Power, for Menekhet and his pharaohs, is to be found in violating social taboos and dominating in the literal way of one body over another. By the end of his last life Menekhet has consorted most with many of his close relatives. With the vulgar graphic logic of such sexual soap opera, it is the loose tongue of a vengeful granddaughter that wrecks the double crown of the pharaoh out of his reach.

One must forgive Mailer the incessant use for the sheer imaginative sweep of the story—if only the 19 years' labor on this book had also produced 10 years of good writing. But too often Mailer's idea of historical romance is to insert his sentences clumsily. "Stare was the surface of the wall and the floor." Like the plucking of a heavy string cause a first intimation of sorrow. "And the ending is as highfalutin as the beginning. Menekhet II's soul, finally joined with the restless spirit of his great-grandfather, traverses the so-called landscape of pain. "We will across dominions barely seen, washed by the swells of time. We glow through fields of magnetism. Past and future come together on thunderheads and our dead hearts live with the lightning in the winds of the Gods." The reader, unfortunately, never gets a chance to rise that high.

—ANNIE COLLINS



Mailer: Imagining Egypt in the years when his glorious self-delusions finally began to fail

book for 16 years and has researched the religion and culture of Egypt (circa 1200-1100 BC) so thoroughly that he can even put comfortably with Egyptian words. His biggest aim is certainly profound to imagine Egypt in the years when its glorious self-delusions began to fail and when its pharaohs came to realize that they were not the children of the gods. Mailer tries to evoke the sacred and the profane, but what he achieves most often is the mock profound and the vulgar.

In fact, the first few pages of the novel sound more like Thomas II D'Arcy attempting to write poems than Mailer attempting prose. Here are the opening lines: "Crude thoughts and fever fumes are my state. I do not know who I am. Not what I was. I cannot hear a sound. Pain is near that will be like no pain felt before. Is this the fear that beds the universe? Is pain the fando-

lounge is surely the life history of his great-grandfather, who seriously reincarnated himself three times before his bitter ghost was forced to take up permanent residence in the afterlife.

One event, in the first of Menekhet's four lives, charts the course for all the rest. As a young chorister of peasant upbringing in the army of Rameses II (the half-god and husband of the famed Nefertiti), he is taken under the pharaoh's wing and into the royal chariot to serve as Rameses' driver. Rameses II has no doubts about his stature as a god, but he uses the body of a man to lead his young chariotmen to him. The domination he thinks he has guaranteed by seductive rape backfires on him: the plot spins out of Menekhet's debased love and hate of the pharaoh. His first life ends in the act of reviving himself as Rameses II by seducing Nefertiti pregnant with a child inhabited by his own

## Irish Mist goes before



After all  
taste is everything.





## BREAKFAST FROM 6 AM

At the new Carlton Place Hotel in Toronto, breakfast is served from 6 am or whenever you like from 24-hour room service. You'll make your early flight or your first meeting feeling hungry. If you're living, the airport is 5 minutes

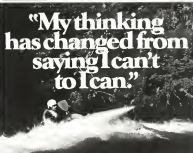
away by ground transportation. Next time you come to Toronto, stay with us. Your considerations will cheer our service and you'll love our service and facilities. You see, we understand the business traveller.

**CARLTON PLACE**  
HOTEL

WE'RE ALL BUSINESS

WHICH AT  
**\$48<sup>00</sup>**

CARLTON PLACE HOTEL, 33 Carlton Court, Toronto (Dundas) Ontario M5W 6K1  
Phone: (416) 675-1234 Telex: 06 505212 Toll free Canada 1 800 261 8991



© 1972 OUTWARD BOUND

Ten and adult courses, from 9 to 24 days.

Write or phone  
CANADIAN OUTWARD BOUND  
MOUNTAIN SCHOOL  
101-3500 West 6th Ave., Vancouver, B.C.  
V6J 1C3 (604) 733-9324

CANADIAN OUTWARD BOUND  
WILDFIRENS SCHOOL  
36 Madison Ave., Toronto, Ontario  
M5R 1S1 (416) 922-3321

**Outward Bound.**

The outdoors school where you learn about yourself.

## Cheerful in the absence of reason

THE PHILOSOPHER'S PUPIL  
By Iris Murdoch  
(Academic Press, \$55 paper, \$19.95)

Public writers usually harbor a streak of perversity that eventually asserts itself: the urge to write long books as convoluted as the imagination itself. Joyce Carol Oates mimicked an obsessively detailed plot: novel in *Belleville*, and Norman Mailer has revisited Egyptian history in his huge new book, *Amor, Eternity*. In *The Philosopher's Pupil*, Iris Murdoch's 21st novel, she has addaged in something playful and ambitious: a 576-page mystery of thwarted murder in which life itself is the unsolved crime.

The *Philosopher's Pupil* unravels a pseudoclassical plot in which the murderer cannot kill, the innocent are full of guilt, the priest hates God and the philosopher-hero falls in love with his granddaughter. Murdoch is a writer in pursuit of meaning who cleverly drowns all the obvious answers. Brushing aside religion and metaphysics, she seems to be entertained by life's profound pointlessness: "We are in fact far more randomly made, more full of rough swinging rubble, than art or vulgar psychoanalysis lead us to imagine," her narrator argues.

The two heroes are George McCaffrey—who may or may not have tried to drown his hated wife, Stella—and Rosemary, his former philosophy teacher, a blegg-headed man indifferent to the normal human bonds. Half of the women in love love George because he needs saving, and the other half love the hoarse old philosopher. When everyone from the maid to the town prelate hopes to find salvation through unrequited love, it becomes obvious that the mystery lies in human motivation itself. Romance, unmoored by its metaphysics, tumbles into an abject obsession with his innocent granddaughter, and the last thesis of a reasoned universe collapses.

Despite the tireless intelligence at work, the writing is full of repetition. Regular readers are used to Murdoch's triple adjectives, but there are three when the author's prose resembles a thesaurus. "Her feeling for George was like that, feeling very very sorry for him, feeling so so much protective possessive pity-love, a sort of desperate sorry-for affection." A firm edit would have helped, without detracting from the dogmatic, optimistic scope of a strangely cheerful book.

—MARTIN JACKSON

## Preparations for the finest hour

THE LAST LION: WINSTON SPENCER CHURCHILL—VISIONS OF GLORY 1874-1952  
By William Manchester  
(McGraw-Hill and Stewart, \$75 paper, \$29.95)

Rash, impetuous, tactless, inconsistent, assiduous. That was the way Winston Churchill's countrymen described his first 30 years in public life. The sage was intelligent, a brilliant orator and a fine writer, but as a young politician he was so erratic in his politics and so inconsistent in his reactions that no one could ever count on him. To William Manchester's credit, he has captured the contradictions that made up the extraordinary leader during the period in which he had only visions of glory. Churchill's life is a massive subject, and *The Last Lion* requires almost 1,000 pages to follow the story up to 1952. The canvas is large, but Manchester, a skilled persistent craftsman, has generally done his work well.

Churchill had redoubtable ability, and Manchester gives ample proof of it. He served as a soldier in India and enrolled. He played polo as if he had been born on horseback. He distinguished himself as a war correspondent in Cuba and South Africa, and his hair-raising adventures were the stuff of legend. He won election to Parliament in 1900 at the age of 25, held high posts, was fired and bounced back. At the Admiralty during the First World War, the House of Commons after the war, and the Elysée, and eventually he had forced Churchill's arrival marked when he departed, so great was his capacity for work and imagination.

That boundless talent, however, was undercut by Churchill's abilities, which would merit party for principle. He began as a Tory, became a Liberal and then, after one election as an Independent Conservative, reverted to the Conservatives. The hard believers in their parties were offended, but Manchester reveals that Churchill was often more open-minded than his critics. He was a vicious fighter and a resolute enemy, but after the battle he could offer aid, comfort and good whisky. No man was a stronger believer than Churchill in the idea that the elite had the right and duty to rule. Yet few channels of the Elysée tried to do so much for the people.

Manchester brings Winston Churchill to life in all his glory and folly and captures the spirit of the age that pro-



Every great Martini has a silent partner.



A Premium Martini. Find it at your favorite bar or restaurant.



## A stage in transition

**A**s The Loftin/Jack Struss Show toward the hotel lounge and banquet halls of Saskatchewan last week, the play recently reflected conditions at its producing company, Saskatchewan's influential 25th Street Theatre. Loftin/Jack, a musical about a touring country and western band on the verge of splitting up, will be the final show under the dynamic directorship of 25th Street founder Andrea Tate. For the past two years Tate has been guiding the innovative theatre as part of a leadership troupe with Layne Coleman and Linda Griffiths. They are expected to resign amicably, and the search is on for a new artistic director.

The turmoil is compounded by 25th Street's evolution, along with the mainstream Persephone Theatre, from a 200-seat converted church that recently was termed a "dump" by those who used it. Persephone opens *Men of La Mancha* this week at Saskatchewan's Central Auditorium and has acquired another church next season, pending changes in zoning. The late afternoon 25th Street will improve, as it did years ago, in school auditoriums and facilities at the University of Saskatchewan.

With Tate learning to concentrate on writing and Coleman and Griffiths pursuing careers based in Toronto, an entirely new style may replace the bewitching intimacy always based in 25th Street's trademark. With its commitment to mount new Canadian plays, 25th Street produced the classic *Paper Moon*, as well as such works as *Playing the Field*, *O.D. on Paradise* and *Wolf Boy*. All three plays have been produced across Canada since they were initially

presented in the 1981-82 season, the theatre's most successful artistically.

Presently, however, the deficit hit an all-time high of \$60,000. For years the theatre's survival has depended on staff and board members who underwrote the ongoing book loss. The last August the board resigned, leaving the staff of poor administration. In February most of the replacements also resigned after trying unsuccessfully to persuade Tate to produce proven commercial hits. However, the latest plans are to assert more financial control while continuing the original mandate. Severe belt-tightening reduced the deficit by \$15,000, and a national tour is planned for Loftin/Jack in the fall.

Although Tate will likely continue to write plays for 25th Street, his employees and inspiring charities will be



As Black in Loftin/Jack: creating a heritage

inspired. "You went back to Saskatchewan because Andy was always doing something else interesting than anybody else," said Griffiths. As he prepares to leave, Tate's credo remains unchanged. "You have to go out into the wilderness or you will never create this country's heritage," he said. With a supportive board, 25th Street's new artistic director should be well equipped to continue that exploration.

—MARK CHILDS/OTTAWA, in Toronto, and Dale Rider in Regina.

## TELEVISION

## Fine tuning for pay TV

**W**hen the heated competition for pay TV licenses in Canada was at its peak two years ago, observers predicted that the winners would become instant millionaires. The promise of overnight riches has long since faded, but the fledgling pay television industry has not lost sight of that shimmering goal. Since the launch of Canadian pay TV on Feb. 1, as subscriptions have increased more quickly than expected, to an estimated national total of 450,000. That prompted Don MacPherson, president of First Choice Canadian Communications Corp., to describe the new industry as "totally successful so far." However, C-Channel, the Toronto-based national network specializing in the performing arts, is already in serious financial difficulty. And last week the federal government threw two more hurdles across the path to profitability—a six-per-cent federal sales tax on cable and pay TV subscriptions and tougher enforcement of Canadian content regulations.

As the two major general-interest networks, Superchannel, seen only in Alberta and Ontario, and First Choice, first for subscribers (with First Choice in the lead), third-ranked C-Channel has found itself in danger of being crowded off the battlefield. Its 25,000 subscribers amount to only half of the original projections, and C-Channel President Edgar Cowie says he needs to raise \$5 million "pretty quickly." He now reckons that it will take 18 months instead of a year to reach the 175,000 subscribers needed to break even. Star Channel, in Atlantic Canada, has 30,000 subscribers, meeting its earlier projections, while in the BC Lower Mainland multiplatform World View has 9,000 home signed and is quite pleased.

Cowie blames his network's problems on poor marketing. Although initial sales were strong, many subscribers who had bought C-Channel as part of an introductory package of three pay TV services dropped it. "I did not count on pay TV being as big a blue-collar phenomenon as it has been," said Cowie. "We were virtually buried in an avalanche of middle-class promotion."

Having fallen behind during the launch of pay TV, C-Channel is now scrambling to make up for lost time. It plans a direct-mail blitz of one million households and will double its programming to 150 hours a week in June,

by September it plans to be broadcast around-the-clock like its competitors.

The pay TV operators feel that the federal government has impeded their efforts to survive. Earlier this year the Canadian Radio-television and Telecommunications Commission (CRTC) refused to allow free previews, full-time broadcasting in stereo or deferral of payments for expensive satellite transmissions. Now the tax on pay TV and cable television subscriptions accounted in the budget has most of the industry howling. Although pay TV executives do not think that the tax will hurt their sales, some are indignant that the proceeds will go toward the Canadian Broadcast Program Development Fund. That fund will underwrite as much as one-third of an independent producer's budget, but that applies only to production agreements with non-cable broadcasters. Says Superchannel President Steven Harris: "It is highly unfair to tax the industry at the time of its birth and then to take that tax and put it into a fund that benefits our competitors."

Nonetheless, the CRTC has won praise from Superchannel, C-Channel and independent producers for its toughness in enforcing Canadian content regulations. Last week the CRTC refused to give Canadian content status to at least



Cowie: the government throws hurdles across the path to profitability

12 First Choice specials, including performances by The Who and Dolly Parton. Cynthia Swartz, programming vice-president at First Choice, scorned the CRTC of "shaping the rules."

Some U.S. producers are reconsidering plans to film in Canada, says Swartz, because of the tougher attitude U.S. investment should be encouraged because it "injects a lot of money

into the Canadian industry," she added. So far these Canadian jobs have come chiefly from First Choice's controversial Playbox shows and Dolly Parton specials rather than from indigenous programming. It will be up to the CRTC to ensure that the cultural benefits of the pay TV boom keep pace with the commercial rewards.

—GILLIAN MACKAY in Toronto.

## NOW, THE AFFORDABLE GRAND TOURING SEDAN

### FRONT-WHEEL-DRIVE PLYMOUTH CARWELLE

Chrysler LeaseAbility is the key to driving elegant new Plymouth Carwelle, built around the most technologically advanced engine in the 2 door class. Engineered with proven four-wheel-drive for superior traction and handling. Plymouth Carwelle has everything you want in a full size six passenger car, including remarkable fuel economy. And Chrysler LeaseAbility makes it so affordable.

Your ability to lease eliminates bank loans, high finance charges, credit ratings. Monthly costs are tailored to your budget and can be less than if you bought the same car. You pay only for the car's use, not an ownership. And Chrysler professionals service the cars they lease.



Get your Chrysler dealer today.



# Rage from the royal mailbag

By Allan Fotheringham

**M**y face never stops writing. Allen Royner Reiser of the Wesley Church (United Methodist of Eugene, Ore., writes "As a former Canadian, living in the United States since 1949, I have tried to maintain Canadian ties and interests through the United Church Observer and Maclean's. Countless times I have wanted to write and comment on the Allan Fotheringham column which has contributed nothing—so far as I am concerned—to your generally good magazine. In an age of ignorance and bad manners not much exceeds Mr. Fotheringham. But the column of March 14—Drama of a 'Coke' over Ripe—is probably the worst yet. After 34 years, please excuse my subscription."

E.M. Farmer writes from Vernon, B.C. "Dear-sir—Mr. Fotheringham—I wonder why I call the fellow that I suppose can make a good living at his type of effort—perhaps I envy him. How anyone can be so used to the stench of human feces that they are able—yes, seem to love—to stir it around constantly with their fingers is beyond me. Of course he receives much mail that way, and I suppose that gives him a feeling of success. It is a shame when one knows he can write if he puts his mind to it."

Joan Ager writes from Victoria "Rather get rid of Fotheringham or get rid of us. Please refund our subscription which we paid up to March 1989, and that of our daughter in Athens, Greece. I am shocked and dismayed that my favorite magazine would publish such a scurrilous attack on the Queen. I am not a nursing anarchist, but sure to be. Was Fotheringham killed because he won't react to any of the questions? When Pierre Berton wrote his famous (or infamous) article, I congratulated him as well as he said was relevant. Fotheringham writes nothing but lies."

Henry Crane writes from Grouse, Alta. "Mr. Fok, you're becoming a bore. Anybody could have guessed that the latest visit by the Queen to North

America would have triggered your usual diatribe against the British and the monarchy. I loved the old familiar toadstool—'Fasty Britain,' 'foreign royalty,' 'once-to-be-phased-out Queens,' but it's so dull, dull, dull! Please return to subjects, such as the Conservative leadership race or Liberal patronage, on which you have something witty and original to say. On the subject of Britain and the Queen, your gaze squawks!"

A.G. Macpherson writes from Port Credit, Ont. "Who does this self-righteous cynic Fotheringham think he is? It's his latest ribbing of everybody on sight?"



Two had his clever joke can't be used to incite our Canadian society to higher purpose instead of such trivializing and destroying our country. In it not time that people like Fotheringham not only 'bought a house' but anyone else? Then they might put it to positive and constructive ends, even chess the suggestion."

Lenay Atkinson writes from Downsview, Ont. "What a joy to read a recent edition of Maclean's. No column by Allan Fotheringham—a nice little revenge. Thank you for that!"

Home Country writes from Arva, Ont. "I have put off writing such a letter as this to Maclean's since last year sometime because I exceeded my subscription, or rather let it lapse. However, this article, which I happened to pick up, leaves me numb with disgust, and I am speaking of the article about the Queen. How is it, I ask myself, that Maclean's can give page room to a writer like Fotheringham who, in my opinion and also the majority of readers

when I have talked to in London, has not written anything that makes sense for a long time? This article is absolute drivel from start to finish, and all I can say is that Maclean's must have a damned good reason for keeping Fotheringham as the payroll. I would just like you to know that I think you should take your editorial prerogative and stamp it firmly in place—and one place that you could exercise it is by getting rid of Fotheringham."

R.M. Oude writes from Winnipeg "Dear, tired Allan Fotheringham! The more he strives conscientiously to be 'Fasty,' the more evident it becomes that he is another boring-out case. His piece on the Queen in California should provide you with a powerful motivation to do the decent thing and send him home for a much-needed rest. Surely Canada's self-proclaimed 'national' magazine can do better than this if it really tries."

Colin Toel writes from Neuston, B.C. "You again attack in your snide and petty way the one venerable and dignified institution that we as Canadians can lay claim to the monarchy. To say that the Queen and everything she represents bears English blood is a gross misrepresentation, based only on your ignorance. And to say that it offends the Francophone element of Canada is a slap in the face to English Canada. Who cares if the French are offended? God save the Queen from the likes of you!"

Carol Carter writes from Vancouver "For years, I usually enjoyed Fotheringham's column. However, with this latest article I've given up at last. Clever use of words and low-level cynicism imply neither intelligence nor wit."

R.P. Dempsey Beck writes from Saskatoon "Why does Maclean's keep printing the sleazy Fotheringham propaganda? Many persons ask that question. Too many political commentators go in far too much groups, bubble-gum, character assassination, instead of real information. Perhaps they are well-educated enough to do anything else but write about Canadian politics as though it were some childhood game stop. Your intelligent writer is Barbara Amos!"

# BREAD & BUTTER TO 60,000 CANADIANS.

When you enjoy a soft drink, you're probably not aware of the 60,000 Canadians who work together to produce it for your pleasure.

The soft drink industry employs 15,000 people. Another 45,000 work in supporting industries. That's a lot of Canadians.

They could be your neighbours. Because the 250 independent bottlers who make up the industry, are local businessmen providing work in almost every region of Canada.

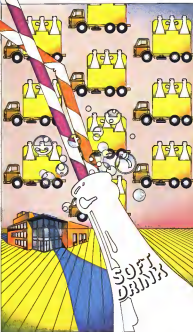
They pay out 320 million dollars a year in salaries. And every year, make a sizeable corporate tax contribution to this country.

All that, in addition to offering consistently high quality products across Canada.

Think about that the next time you have a soft drink. And write the Canadian Soft Drink Association for the free booklet, "The Facts about Soft Drinks." If you've got a question, we'd like to hear from you.



Canadian Soft Drink Association, 5th Floor, 443 University Avenue, Toronto, Ontario M5G 1T8.



SOFT DRINKS. ONE OF LIFE'S LITTLE PLEASURES.

# True Taste.



Rich in satisfaction.

Warning: Health and Welfare Canada advises that danger to health increases with amount smoked—avoid inhaling.  
Average per cigarette— King Size Filter: "Tar" 12 mg Nic. 1.0mg. Regular Filter: "Tar" 9 mg Nic. 0.6 mg.